Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel Shk3.50	S.Arabia Rls7.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr9.00
Egypt E£2.25	Lebanon $US1.25	Switz SFr2.20
Finland Fmk7.00	Lux LFr48	Taiwan NT$65
France FFr8.00	Malaysia Ringgit4.25	Thailand Bt50
Germany DM2.20	Mexico Peso500	Tunisia Din0.800
Greece Dr150	Morocco Dh6.00	Turkey L1500
Hong Kong HK$12	Neth Fl3.00	UAE Dh6.00
India Rup15	Norway NKr10.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Ø No. 30,472 Wednesday February 24 1988 D 8523 A

World Bank helps revitalise Nigerian economy, Page 22

World News

US splits with Pakistan on Afghanistan

The US would not support Pakistan's demand for an interim government to be established in Kabul before a Soviet troop withdrawal from Afghanistan, a senior US official said. It was the first indication during the nine-year Soviet occupation that the US had split with Pakistan, its closest ally in the region. Meanwhile, rebel leaders modified their demands. Page 22

Kidnappers seized

Lebanon's Shia Moslem Amal militia said it had seized two of the kidnappers of American marine colonel William Higgins and promised to secure his release. Page 3

Strike break plan

French domestic airline Air Inter moved to break a long-running series of cabin crew strikes by leasing 17 aircraft from French, Belgian and Swiss carriers.

'No asset' to Israel

Australian Foreign Minister Bill Hayden toured a Palestinian refugee camp in the occupied Gaza Strip and said it was "no asset" to Israel and it would be better for the country if it withdrew from the areas as quickly as possible. Israeli police also detained a Jewish settler accused of shooting a 13-year-old girl to death earlier in the week. Settlers' vigilante force, Page 3

W German strikes

Rush-hour public transport came to a standstill in several West German cities as public sector workers staged strikes for higher pay and a shorter working week.

New Caledonia call

New Caledonia's territorial assembly called for the country's separatist party to be disbanded and its leaders arrested and expelled after nine French policemen were held hostage for 12 hours by indigenous Kanaks.

Armenian appeal

Armenian Communist leader Karen Demirchyan appealed on television for calm after four days of demonstrations over pollution and ethnic issues. Page 2

Seoul opposition pact

South Korean opposition leaders Kim Dae Jung and Kim Young Sam held their first meeting since the presidential election last December and pledged to work for opposition unity.

Spanish defence role

A letter of intent released in Madrid said Spain was prepared to make a considerable defence contribution to Nato. Page 2

Argentine deadlock

Talks on the minimum wage level in Argentine were deadlocked as unions, industry and the Government failed to agree on either a new floor for wages or a mechanism for regularly revising it. Page 4

Turks released

Bulgaria allowed 10 Moslem children to join their families in Turkey as the foreign ministers of six Balkan countries gathered in Belgrade for talks aimed at easing tension in the region. Page 2

Ugandan reshuffle

President Yoweri Museveni of Uganda appointed three deputy prime ministers in a reshuffle partly aimed at supporting ageing Prime Minister Samson Kisekka.

Arc de pollution

A FFr30m ($5.2m) appeal to save the Arc de Triomphe was announced. The 181-year-old landmark was threatened by water seepage in its foundations and pollution attacking its stonework.

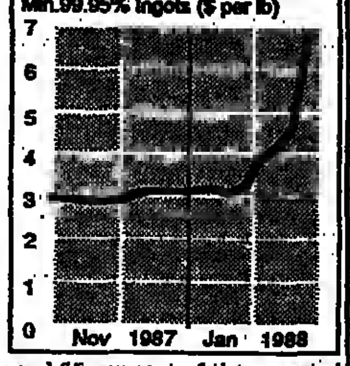
Business Summary

British GDP posts 5% jump for 1987

BRITAIN'S output rose by almost 5 per cent last year, the fastest growth rate since the early 1970s, according to preliminary official figures. The statistics suggest that the economy remained buoyant despite October's stock market crash. Page 7

CADMIUM'S free market price was underpinned after Hudson Bay Mining, Canadian natural resources group, said it would cut zinc output by between 55

Cadmium
European Free Market
Min.99.95% ingots ($ per lb)



and 65 per cent of the expected level. Traders quoted $6.80 to $7.10 a pound for cadmium. Page 30

LONDON: Early gains were cut by an uncertain opening on Wall Street as vulnerability to the US market returned. The FT-SE 100 index added 10.7 to close at 1,757.9. Page 38

WALL STREET: The Dow Jones industrial average closed down 1.17 at 2,039.12. Page 42

TOKYO: Large-capital stocks were the focus of attention as the Nikkei average climbed close to 25,000, spurred by a continued rise on Wall Street overnight. The index closed 102.74 up at 24,949.45. Page 42

DOLLAR closed in New York at DM1.6945, FFr5.7340, SFr1.3925, Y128.95. It closed in London at DM1.6915 (DM1.6955); FFr5.7250 (FFr5.7360); SFr1.3900 (SFr1.3900); Y128.75 (Y129.20). Page 31

STERLING closed in New York at $1.7630. It closed in London at $1.7655 ($1.7650); DM2.9875 (DM2.9925); FFr10.1150 (FFr10.1225); SFr2.4550 (SFr2.4525); Y227.50 (Y228.0). Page 31

US TREASURY confirmed it would lend Argentina $550m to provide bridging support during Argentina's negotiations with the IMF for balance of payments help.

JAPAN DEVELOPMENT Bank forecasts that the country's gross national product will show a real annual growth rate of 2.5 per cent to 3.5 per cent between 1985 and 2000. Page 3

ERICSSON, Swedish telecommunications group, has won an order worth $73m to supply equipment to the Guangdong province in China. Page 4

ORDERS for US durable goods fell 2.8 per cent in January to $112.2bn. Page 4

CHINA'S trade in 1987 rose 12 per cent to $82.7bn. Page 4

UK will have to impose Value Added Tax on spectacles, following a judgement by the European Court of Justice in Luxembourg. Page 7

BRITISH PETROLEUM, leading UK oil group, has been given the go-ahead to take control of Britoil, Scottish-based independent oil producer, after making specific undertakings to the British Government about the development of North Sea oil assets and future employment in Scotland. Page 23

TEXACO, US oil company, has agreed to pay the Government $1.25bn plus interest to settle federal charges that it violated oil price controls between 1973 and 1981. Page 23

NEWS CORPORATION, Rupert Murdoch's international media group, recorded interim net profits up 24.3 per cent. Page 25

Human despair cries for aid in the watery holocaust of Rio

BY IVO DAWNAY IN RIO DE JANEIRO

VIEWED ACROSS a yacht-filled bay from a penthouse apartment, scattered with glossy interior decor magazines, it looks a smallish sort of disaster.

A long mud-brown streak like the scar left by a sliding football tackle cuts vertically down the distant hillside, shearing through the speckled street lights and plunging into nothingness.

Here a slice of the Dona Marta *favella* or shanty-town abruptly came to an end under tons of mud and rock, dislodged by the estimated 127 litres of water that have smashed down on every square metre of battered Rio de Janeiro since the current rains began.

The close-up reality comes nightly on Rio's television screens, no more vivid than on sets in London or New York, but more threatening for its proximity. As civil defence teams and army squads claw through the rubble, some 60 further Dona Martas currently teeter on the abyss, their survival hanging on the strength of tree roots and the crude dynamics of water and stone.

For those that live in the city's wealthy south zone, the New Year tropical storms are an annual inconvenience – a disrupter of traffic, and spoiler of summer suntans. For their impoverished near-neighbours, only metres away but, in reality, as distant as Harlem from Beverly Hills, the rains are a holocaust, forever prising and burrowing at the feeble grip of wood and brieze blocks on a sticky hillside soil.

Whenever it rains, there are deaths – as regular, unremarkable and futile as traffic accidents. The difference this time is the scale of the catastrophe which has woken up the public to a Rio a world away from the beaches and bikinis of Copacabana.

By midday yesterday, some 276 had died, 735 more are injured and more than 10,000 are estimated to be homeless. The official figures are almost certainly underestimates.

Many areas in the sprawling slums and grimy suburbs are still cut off. And even in the normally immune affluent districts muddy detritus, cascading waterfalls and the pathetic, sodden flotsam of ruined household goods bear testimony to greater dramas elsewhere.

In suburban streets, cars are tossed against walls and lamposts, like toys after a child's tantrum. Up near the Maracana football stadium, a three-storey block of flats – solid concrete – has flopped like a cardhouse killing 12 people, while a nursing home in Santa Teresa district, still the retreat of fading gentility, has entombed 30 more.

For the authorities, the disaster has raised unanswerable questions. While the federal government is ready with Cruzados 10bn ($107m) in immediate aid, Mr Joao Resende, the vice-mayor, calculates that some seven times that figure is needed over five years to complete the building, shoring-up and reforestation work now deemed essential.

However, the bankruptcy of the state means that an estimated 90 per cent of all its resources go on salaries alone. Moreover, even if infinite funds were available it is doubtful whether many *favella*-dwellers

Continued on Page 22

Greenspan confirms Fed eased interest rates to lift growth

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE FEDERAL Reserve Board confirmed yesterday that it had eased its monetary policy in order to bolster US economic growth.

Mr Alan Greenspan, chairman of the Fed, said yesterday that the US central bank had lowered short-term interest rates slightly a few weeks ago, in response to "indications" of some softening in the economy as the year began." He said this was done "against the background of a more stable dollar in foreign exchange markets."

In his first semi-annual testimony to Congress Mr Greenspan, painted a generally optimistic picture of the outlook for the US economy.

In comments which seemed designed to reassure the financial markets about the Central Bank's committment to fighting inflation in an election year, Mr Greenspan said that "progress towards price stability is the foundation on which the longest peacetime expansion in our nation's history has been built, and continued efforts along this line will be the framework for future economic advances."

The chairman also made it clear that he and the Central Bank board were optimistic about the outlook for the US economy and for inflation, while remaining concerned about the threat to the economic expansion from continued nervousness in the financial markets in the wake of the stock market crash in October.

In his testimony before the House Banking Committee Mr Greenspan, who took over as Fed chairman from Mr Paul Volcker in August of last year, said: "Most members (of the Fed's Open Market Committee) forsee continued economic growth next year with no significant pickup in inflation.

"Recent patterns of wage negotiations and settlements do not seem to indicate any imminent break from the restrained behaviour of the mid-1980s," he said. "Although capacity utilisation has risen in our manufacturing sector, bottlenecks are not as yet a problem and are not expected to become one if growth follows the subdued path of the Committee's outlook for real GNP."

The Fed is forecasting that real gross national product growth this year will be in the 2 - 2½ per cent range compared with nearly 4 per cent from the fourth quarter of 1986 to the fourth quarter of 1987.

He predicted that much of the impetus to growth would come from continued rapid expansion of net exports of goods and services.

Mr Greenspan said that the pattern of growth last year, with the strong growth of net exports, had already begun to improve the balance of the economy's expansion.

Forecasts, Page 4

County NatWest posts loss of £116m

By David Lascelles, Banking Editor, in London

NATIONAL Westminster Bank, the UK's largest clearing bank, revealed yesterday that County NatWest, its troubled investment banking arm, made a loss of £116m ($203m) last year – far exceeding expectations in the City of London.

The announcement followed the resignation on Monday night of Mr Charles Villiers, County's chairman, and Mr Jonathan Cohen, its chief executive, after the depth of County's problems became clear.

Lord Boardman, NatWest's chairman, said that the losses had been incurred partly because of last October's market crash and County's large position in the stock of Blue Arrow, the manpower services company for whom it arranged a rights issue. There were also heavy development costs including the establishment of County on the Tokyo market.

He predicted that it would take two years for County to make a worthwhile profit. But he said that NatWest's commitment to its investment banking subsidiary was "undeterred," and he pledged to give it whatever capital backing it needed.

Mr Tom Frost, the chief executive, said that the resignations of Mr Villiers and Mr Cohen, came alongside "the action we have taken to ensure the continued development of our strategy in the capital markets."

Mr Terry Green, the senior NatWest executive who has been temporarily appointed to run County, began his work yesterday. A

Continued on Page 22

Parent pulls in leash, Page 20; Lex, Page 22; Details, Page 27

France, Britain lose autonomy on food policy

BY TIM DICKSON IN BRUSSELS

THE FRENCH and British Governments suffered important defeats in the European Court of Justice yesterday, which passed judgements limiting their national powers to control key areas of food policy.

The most dramatic reversal was for the French, who appear to have lost a three-and-a-half year legal battle to keep a long-standing ban on the import of milk imitation products such as coffee whitener and cream topping.

Britain suffered an equally significant setback on sovereignty over plant and animal health matters.

Confusingly, the blow to Britain came in a judgement that ultimately supported the UK's legal action against the European Community's controversial ban on the use of hormones in meat production.

This prohibition, approved in December 1985 but implemented on January 1 this year, was challenged in the court by London largely on the grounds that the European Commission had submitted the proposal under the wrong legal procedure.

That Community process allows decisions to be taken by a qualified majority of member states in the Council of Ministers, but Britain felt strongly that plant and animal health matters such as the hormones directive should be taken under separate legal rules which require unanimity.

Yesterday's judgement – and a parallel one involving battery hens – came down unequivocally on the side of the Commission and implied that decisions of this nature could in future be taken by a majority vote.

However, the ruling that the hormones directive was illegal because the Council of Ministers had infringed its own rules of procedure was described as a "pyrrhic victory" for Britain by a senior Community diplomat.

The judgement against France followed a political agreement between EC farm ministers last July which appeared to endorse the French ban – and a similar West German prohibition - until at least 1989.

Yesterday's ruling declared that the ban was contrary to the Treaty of Rome and dismissed French arguments that it was necessary to protect consumers from fake dairy products.

Analysis, Page 30

Brussels opposes UK legislation on product liability

The European Commission may take Britain to the European Court over the interpretation of product liability contained in legislation the country plans to implement next week.

Consumer groups say the law waters down European Community intentions and could allow companies to claim they are not liable for injuries caused by defective products in cases where the defects could not be forseen at the time of development.

The complaint was made in a letter from Lord Cockfield, vice-president of the Commission, to Lord Young, Britain's Trade and Industry Secretary.

The EC directive on liability was issued three years ago. It removes the need for a consumer to prove negligence on the part of manufacturer of a faulty product; all that needs to be proved is a link between the product and an injury. Page 22

Reagan rules out early cuts in short range arms

BY DAVID BUCHAN IN BRUSSELS

PRESIDENT REAGAN yesterday spoke out against any early talks with Moscow on reducing short-range nuclear weapons in Europe, something many West Germans would like.

But the President, speaking on television broadcast throughout Europe, sought to assuage West German fears by saying that those arms were "dispersed throughout Nato, and are not concentrated in one country, nor do they put one country at particular risk."

He said that even after the Intermediate Nuclear Forces (INF) treaty reductions, some 4,000 short-range US nuclear weapons would remain in Europe as "a link between the two pillars of the Nato alliance."

The next steps in arms control, he said, should be cuts in strategic nuclear missiles, establishment of a balance in conventional forces and a ban on chemical weapons.

However, there were indications at Nato headquarters yesterday, where Mr George Shultz, the US Secretary of State, briefed Nato Foreign Ministers and ambassadors on his trip to Moscow, that alliance differences over the next stage in arms control had narrowed markedly.

Mr Shultz forecast that next week's Nato summit would merely re-issue alliance declarations of last year to the effect that the goal of pursuing short-range nuclear weapon cuts should be pursued "in conjunction with" that of establishing a conventional force balance between Nato and the Warsaw Pact.

Apparently now satisfied that he has made all aware that West Germany does not want to remain indefinitely the base, and target, of so much nuclear weaponry, Mr Hans-Dietrich Genscher, Bonn's foreign minister, predicted the summit would issue a special statement on the way forward in conventional force talks.

Mr Reagan yesterday welcomed intra-European defence efforts, "whether bilateral or multilateral, by France and Germany or by the Western European Union," provided they were within the overall framework of Nato. Britain has reservations about Franco-German defence links.

Mr Shultz told the Nato council he had made some progress in Moscow on strategic arms. Both sides had agreed to commit themselves not to withdraw from the Anti-Ballistic Missile treaty for a number of years that would exceed the planned five-year period for halving their strategic arsenals.

Canada to forge uranium giant

BY DAVID OWEN IN TORONTO

CANADA is to create the world's largest uranium mining and processing company by merging government-owned Eldorado Nuclear with the provincially-held Saskatchewan Mining & Development (SMDC) and selling shares in the new company to the general public.

This marks the latest step in the government's programme of selling off public sector assets which had recently appeared to be faltering in the face of public indifference and the October stock market collapse.

Initially, the company will be 61.5 per cent-owned by the Saskatchewan Government and 38.5 per cent by Ottawa's Canada Development Investment Corporation.

The subsequent privatisation process will last seven years: 30 per cent of the merged company will be in private hands within two years, 60 per cent within four years and 100 per cent by 1995.

In an attempt to ensure that shares in the new corporation will be widely held, and to mitigate possible charges of selling domestic assets to foreign interests, various ownership limits are to be imposed.

These will restrict Canadian investors to a maximum of 25 per cent of the voting shares, with non-Canadians limited to just 5 per cent. In addition, non-Canadians will be restricted to 20 per cent of the votes cast at shareholder meetings.

The new firm will have assets of C$1.5bn ($133m), annual sales of approximately C$500m and an initial debt load of some C$900m. It will employ close to 2,000 people and have its headquarters in Saskatchewan.

Eldorado, which has been burdened in recent years by its heavy C$560m debt load, made a small C$12m profit in 1987, against a C$64.4m loss the previous year. Already North America's biggest uranium producer, the company last year sold some 9.7m lbs of uranium concentrate.

SMDC's uranium output totalled about 7.2m lbs in 1987. The merged company will have reserves of close to 500m lbs and will own two-thirds of the high-grade Key Lake mine in north-eastern Saskatchewan.

Mr Grant Devine, the Saskatchewan premier who is, perhaps, the staunchest of Canadian Prime Minister Mr Brian Mulroney's provincial allies, said that he expects the new corporation to be greater than the sum of its parts because of the benefits of vertical integration.

CONTENTS

JEWISH SETTLERS INCREASE VIGILANTE ACTIVITY

Israeli Defence Minister Yitzhak Rabin fears violence may develop into a "second front," Page 3

Loyal troops of Fianna Fail march to Charlie's tune

Young and old we all approve.
He's kept the country on the move.
He'll help the nation to improve.
So rise and follow Charlie.

THE SONG echoed round the giant hall in Dublin as the Irish Prime Minister, Mr Charles Haughey, raised his arms to prolonged applause from the thousands gathered for a meeting of his governing Fianna Fail party.

Fianna Fail translates as Soldiers of Destiny. At the recently finished gathering of party rank-and-file it was clear that Mr Haughey was very much the general.

A meeting of Fianna Fail is one of the biggest social political events in the Irish calendar. Last weekend, delegates from more than 2,000 party branches throughout the Republic gathered to pay their respects to their leaders, listen to three days of speeches, and indulge in a not inconsiderable amount of drinking and general merry-making.

The party has held office for a majority of the years since Irish independence in the 1920s and considers itself to have an almost God-given right to run Ireland; to be a national movement more than a political party.

It is extremely well organised, drawing support both in the rural farming communities and in urban areas. As Ireland has changed and modernised, so Fianna Fail has adapted its image. At this meeting, the bulky suits of the old party guard, farmers with big hands and open red faces from Roscommon or Kerry, contrasted with the

BY KIERAN COOKE IN DUBLIN

tailor-made outfits and Gucci shoes of ministers on the platform.

Mr Haughey surrounds himself with all the paraphernalia of the modern Western political leader. His final speech was a supremely polished performance, without a stumble on the autocue, relayed live on television.

There was more than a little of John Kennedy about him as he stood, flanked by the green, white and gold colours of Fianna Fail (also the colours of the Irish flag) and talked of ancient dreams and the rebirth of the Irish nation. But the speech also had some overtones of Mrs Margaret Thatcher, with its references to a more efficient, streamlined health service and the urgent need to redirect resources.

Reflecting difficulties in relations between Dublin and London, Mr Haughey received thunderous applause for his reaffirmation of the ideal of a "united, independent Ireland" and to his criticisms of what are deemed to be continuing British insensitivities towards Irish feelings.

Outside the meeting hall there were plenty of souvenirs on sale: a four-inch-thick hardback book of the collected speeches of Charles Haughey was selling for Ir£20 (£17.30). There were records and cassettes of "Charlie's song" sung at party rallies, and a video of the Prime Minister and his visions of Ireland.

But despite the American style razzmatazz, this meeting was, said Fianna Fail veterans, far more subdued than usual. Mr Haughey's speech was that of a European statesman rather than a party leader. There was little of the emotion of previous conventions.

"The heart has gone out of it," said one delegate who had travelled from Donegal in the remote Irish northwest. "Before, we all used to have a great crack (laugh and gossip) here. Now they even charge us five pounds for going in."

Appeals for calm after protests in Armenia

ARMENIA'S Communist leader, Mr Karen Demirchyan, has appealed on television for calm after four days of demonstrations over pollution and ethnic issues, Reuter reports from Moscow, quoting local journalists.

They said Mr Demirchyan told viewers in the southern Soviet republic on Monday that protesters had demanded the closure of two chemical plants and the reunification of a predominantly-Armenian area of neighbouring Azerbaijan with Armenia.

The journalists on the daily newspaper Kommunist, who were contacted by telephone from Moscow, quoted Mr Demirchyan as saying the authorities were considering the question of the plants, but that the nationality issue was not open for discussion.

His statement was published in Kommunist on Tuesday but that edition of the newspaper will not reach Moscow until the end of the week.

According to the Moscow dissident Mr Alexander Ogorodnikov, local sources said thousands of demonstrators gathered for the fourth day running on Monday outside the opera house in Yerevan, the Armenian capital. No arrests were reported, he said.

The demonstrations began last week when the authorities tried to open a synthetic rubber factory in Abovyan, about nine miles outside Yerevan, to replace an old one in the capital which is due to close.

The protesters complained the old factory was still working, endangering health and Yerevan's centuries-old buildings, and made clear they did not want the new one, said Mr Ogorodnikov.

They were joined by other demonstrators seeking the return of the Nagorno-Karabakhskaya autonomous region of Azerbaijan, which belonged to Armenia before the 1917 Bolshevik Revolution and where some 95 per cent of the population are still Armenians, he said.

They carried slogans reading "One people, one republic", he added.

Relations between Armenians and Azerbaijanis are traditionally tense because the former are Christian while the latter are Shi'ite Moslems.

Both the pollution and ethnic issues are very sensitive for Mr Demirchyan, whose political position, according to analysts, is shaky following public criticism of his failure to implement Mr Mikhail Gorbachev's reforms in the republic.

Mr Gorbachev, expressing concern about a wave of ethnic unrest from Central Asia to the Baltic states over the past two years, said last week he wanted a full meeting of the Communist Party central committee to consider ways of ensuring national groups lived in harmony.

Spanish propose major role in European defence

BY TOM BURNS IN MADRID

SPAIN IS to prepared to make a considerable defence contribution to Nato, although not a member of the alliance's integrated military command, according to a letter of intent released here yesterday.

The letter, which was delivered to Lord Carrington, Nato's secretary-general last month, says that the Spanish Government "accepts the responsibility of acting in defence of its allies . . . and undertakes to maintain and develop both its individual and collective capacity to resist an armed attack."

The document ends the ambiguity about Spain's actual role in Nato and confirms previous reports that the country's armed forces will play a specific role in controlling what Madrid strategists term the Balearics-Canaries defensive arc.

Spain became the alliance's newest member in May 1982. Nearly four years later, under the auspices of the present Socialist government of Mr Felipe Gonzalez, who had been an initial opponent of Nato entry, Spaniards voted in a referendum to remain in the alliance with the proviso that Spain would not be a member of the integrated military command, nor would it stockpile nuclear weapons.

According to the text of the letter to Lord Carrington, Spain will effectively be a military member of Nato in all but name. The document states that Spanish forces will "remain under Spanish command" but, when they are combined with those of another allied power, the command will be Spanish or allied "according to what is required."

The only exception to the Spanish readiness to conform with Nato concerns the British Crown Colony of Gibraltar. The document states that "Spanish military co-ordination within the Nato framework will not be carried out with allied commands in Gibraltar."

This exception appears to prompt problems for the alliance as Spain's interest in defending the area stretching from the Balearics in the Mediterranean down to the Canaries off the coast of northwest Africa implies controlling the Straits of Gibraltar under a Spanish command. There could also be unease in Portugal which has hitherto been technically responsible for areas south of the Azores, which are in theory touched upon by the so-called arc.

Bulgaria releases Turks

BY ALEKSANDAR LEBL AND JUDY DEMPSEY

BULGARIA yesterday made a goodwill gesture to Ankara by allowing 10 Moslem children to join their families in Turkey, as the foreign ministers of six Balkan countries gathered in Belgrade for talks aimed at easing tension in the region.

The move by Sofia brings to 64 the number of dependents it has released to Turkey over the past two years. Ties between Bulgaria and Turkey have been badly strained since a campaign to make Bulgarian Moslems change their Turkish names.

The Belgrade meeting has been organised by the Yugoslav government in the hope of creating a better climate for multilateral co-operation. Yugoslav officials hope that this will in turn make it easier for Balkan states to solve their many deep-rooted bilateral problems.

Belgrade feels that economic and cultural links between the six states (Nato members Greece and Turkey, Warsaw Pact members Bulgaria and Romania, plus Yogoslavia and Albania) fall far short of potential.

The meeting will be open to suggestions for improved co-operation, but it will have no fixed agenda. Indeed, the most remarkable thing about it is that it is happening, given the historic tensions in the region.

MPs edge Waldheim aside

By Judy Dempsey in Vienna

AUSTRIA'S PRESIDENT, Mr Kurt Waldheim, is coming under increasing pressure not to make a speech on March 11, the 50th anniversary of Anschluss, the German annexation of Austria.

Mr Waldheim, who was found by an international commission of historians to have lied about his wartime activities, is due to speak at a state ceremony in the Hofburg Palace, the President's official residence.

But Parliament yesterday suggested the commemorative ceremony should be "reconsidered" in the light of the historians' report and mounting criticism of Mr Waldheim's refusal to resign.

Mr Leopold Gratz, the president of Parliament, said that "several participants at this commemoration ceremony have already distanced themselves from the state act."

Calls for reconsidering the state ceremony were supported by the two government coalition parties, the Socialists and the conservative People's Party, and the right-wing Freedom Party.

Originally, it had been intended that Mr Waldheim address the two houses of Parliament on March 11. However, the Socialist Party subsequently rejected the idea on the grounds of his credibility, while the People's Party insisted that it go ahead.

After discussions, it was agreed that Parliament would hold its own ceremony without Mr Waldheim, who in turn would hold a state ceremony in the Hofburg, a short walk from Parliament. Large demonstrations are planned outside the palace if the President makes his speech.

The latest criticism from Parliament reflects growing criticism from the political parties, whose deputies recognise privately that Mr Waldheim's presence in the Hofburg is putting a serious strain on the Government.

BIG TURNOUT AT KEY MIRAFIORE PLANT IN MILAN

Fiat vote sparks talk of union revival

BY JOHN WYLES IN ROME

A SECRET ballot involving fewer than 10,000 workers has generated an unexpected euphoria among Italian trade union leaders who have had little to cheer about for most of this decade.

Following a hugely successful protest rally in Milan at the beginning of the month against the tax burden, and the apparent smothering a week ago of a rebellion among rank-and-file railway drivers, a 90.7 per cent turnout for the election of union delegates at Fiat's key Mirafiore plant in Turin has sparked talk of a trade union revival.

The importance of the election is more symbolic than real. Once the furnace of radicalism until management won a long strike in 1980, the Mirafiore plant has seen the rate of union membership slump to around 25 per cent. However, since Italian law gives the unions the monopoly of representation, all workers were entitled to vote for plant delegates, and an impressive number have done so.

This was the first such election since 1979 and its timing was carefully chosen by the three union confederations. They are currently assembling the first company-level pay claims on behalf of Fiat workers for nine years and the high turnout will be cited as evidence of support for their demands.

For the moment these remain a subject of some dispute between the unions, although they seem likely to call for rises of around L130,000 (£59) a month. Around 60 per cent of the Fiat shop floor take home L1.2m a month which, with holiday and other allowances, is multiplied by 14 on an annual basis.

There is some evidence of growing shopfloor support for a company pay deal after three successive years of record profits at Fiat Auto. For the past eight years, pay packets have been raised solely by the engineering industry's national pay deals which the unions claim cannot reflect the car company's much enhanced prosperity.

Confindustria, the employers' organisation is insisting that there is no scope for company-level bargaining without jeopardising profits, investment or jobs. Fiat has not yet indicated whether it would negotiate on a union claim, but if it does so any settlement would be regarded by the unions as a pace setter for other major engineering companies.

But the confederations are also aware that the value of any further pay rises would be heavily reduced by direct taxes which, because of evasion among professionals and the self-employed, fall heavily on directly employed workers. The rally in Milan attracted 100,000 supporters of demands for a reform of tax rates and a clampdown on evasion.

The 1980s have forced major changes of power and perspective on Italian unions, weakened first by rising unemployment, then by internal divisions and a humiliating defeat at the hands of the Craxi government over wage indexation.

The last nine months have delivered one of the most difficult challenges to their authority from dissident train drivers and from some teachers whose rank-and-file committees, known as Cobas, and unofficial strikes, have become symbols of the weakness of orthodox trade unionism.

However, days of exhaustive negotiations culminated last week in an important agreement between the train drivers and their union leaders over the contents of an agreement which the unions will now seek to negotiate with the state railway company.

Zurich extends freeze on Marcos funds

By John Wicks in Zurich

THE ZURICH authorities have extended until further notice the freezing of funds in Swiss bank accounts belonging to ex-President Ferdinand Marcos of the Philippines and his wife, Imelda.

The accounts had originally been blocked until February 16.

At the same time, the cantonal public prosecutor rejected an appeal by Credit Suisse against the granting of legal assistance to the Manila Government and the lifting of banking secrecy.

Compensation is to be paid to Credit Suisse on the grounds that the public prosecutor's office had previously not granted the bank sufficient access to its files. Credit Suisse can take its appeal to the Federal Court within 30 days.

More than 20 further appeals are said to be pending in connection with the 1986 freezing of the Marcos accounts in Canton Zurich alone.

Suitors gather for Les Echos

BY PAUL BETTS IN PARIS

SPECULATION that France's right-wing Government is still hoping for an alternative French buyer for the business daily Les Echos intensified yesterday when the owner, Mrs Jacqueline Beytout, disclosed that Mr Ambroise Roux, the influential chairman of Generale Occidentale, had recently expressed interest in the paper in conversation with Lazard, the investment bank.

Mrs Beytout said Mr Roux had told the investment bank that "when this frightful drama is over, I shall be there."

If the Pearson-Les Echos agreement is finally approved, it would be the first full takeover of a French daily newspaper by a foreign group. The Dow Jones/Wall Street Journal group owns a minority stake in the French Expansion publishing group, while Mr Robert Maxwell, the UK publisher, has a stake in a French news agency as well as in TF1, France's leading television network.

Since Compagnie Generale d'Electricite (CGE), the French telecommunications and heavy engineering group, acquired control of Generale Occidentale from Sir James Goldsmith last summer, it has sought to increase the company's publishing interests while shedding other assets.

Generale Occidentale last week merged its book publishing interests with those of the French CEP publishing group to form France's second largest such venture after Hachette.

CGE is also regarded as close to Mr Jacques Chirac's Gaullists, and Mr Edouard Balladur was president of a CGE subsidiary before he became Finance Minister in 1986.

Apart from Generale Occidentale, Mr Maxwell has also proposed a "French solution" for Les Echos. But Mrs Beytout made it clear yesterday she was not interested in these offers. She emphasised that she had already signed an agreement with Pearson.

She also disclosed that she had a conversation on Monday with Mr Jean-Luc Lagardere, the chairman of Matra and the Hachette publishing group. But she indicated that Mr Lagardere had said he was not a candidate for Les Echos. She denied speaking to Mr Pierre Dauzier, chairman of the Havas media and advertising group.

Mrs Beytout, who has said she wanted to sell Les Echos to resolve the succession problems of her group, had originally proposed to sell her newspaper to Havas over a year ago. But the deal was indirectly blocked by Mr Balladur when he opposed the participation of Mrs Beytout as a so-called core shareholder during the privatisation of Havas last year. Under the original plan, Mrs Beytout would have gained a core shareholding stake in Havas in exchange for shedding Les Echos to the advertising and media group.

She claimed that by deciding to delay a decision on the sale, Mr Balladur was transparently seeking to block the deal for political reasons in the run-up to the French presidential election at the end of April.

Growth cut forecast for Sweden

By Sara Webb in Stockholm

THE SWEDISH economy can expect to see significantly lower growth and a deteriorating current account deficit this year, according to reports from leading banks and the Federation of Swedish Industries.

Gross national product growth for 1988 is expected to be 1.2-1.4 per cent, compared with 2.5-2.7 per cent last year, and will decrease still further next year to about 0.7 per cent.

Sweden's current account deficit, which amounted to SKr6.1bn ($573m) last year, according to figures from the Riksbank, will deteriorate to SKr12bn-SKr17bn.

Svenska Handelsbanken, the country's third largest bank, says that factors such as the large drop in oil prices which halved the oil bill and improved the balance of payments in 1986, and the sale of reserve oil stocks which helped strengthen the current account by about SKr6bn last year, have only delayed the worsening of the current account figures.

These are now expected to show a deficit of up to SKr17bn (or 1.7 per cent of GNP), according to Svenska Handelsbanken, or SKr12bn, according to the Federation of Swedish Industries' calculations.

The problem arises from the imbalance between production and consumption.

The reports predict that the export market for manufactured goods will grow by 3-3.5 per cent this year, though Swedish exports of such goods will be held in check because of reduced competitiveness.

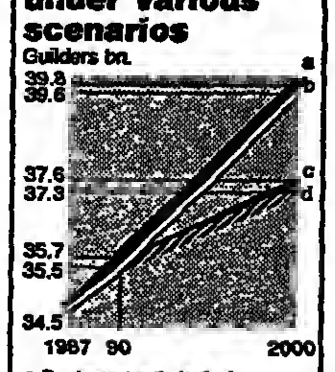
The Federation of Swedish Industries warns that exports may only rise by 1-1.5 per cent this year, the weakest growth since 1980.

Imports, meanwhile, are expected to increase by 5 per cent for both manufactured goods and for total goods and services as Sweden's oil imports are expected to resume normal levels. The effect will be to reduce the trade surplus to between SKr16bn-SKr22bn.

Laura Raun analyses a report recommending the exposure of a heavily regulated social system to open competition

Dutch national health service suffering from soaring costs

Overview of total health care costs under various scenarios



a. Development on the basis of demographic trends. b. Development on the basis of demographic trends after implementation of basic national health insurance between 1987 and 2000. c. Development on the basis of demographic trends after implementation of basic national health insurance and substitution policies between 1987 and 2000. d. Development on the basis of demographic trends after implementation of basic national health insurance, substitution policies and other cost savings between 1987 and 2000.

Source: Dekker Commission on structure and Financing of health care system.

DO NOT get sick in the Netherlands unless you have lots of money and patience. Medicine costs more than in any other western European country and a routine visit to a medical clinic can take half a day.

This is not to suggest that health care in one of the world's most lavish welfare states is bad. On the contrary, it is widely considered among the best in the world. But the Dutch have concluded that the costs of medical care are running out of control and threatening to explode in the face of a "greying" population.

Most western countries are asking soul-searching questions about whether health care is too good – that is, of such high quality and wide availability that its price means sacrifices in other important areas of society.

With a long history of social welfare the Dutch have built up a public health system that is tightly controlled by the government and allows no commercial enterprise. Everyone has a constitutional right to good and affordable care and insures himself through public health insurance (60 per cent of the population) or private insurance (40 per cent).

The Dutch spend more money on health care than almost any other country - about Fl 43bn (£12.8bn) a year, or 10 per cent of gross national product. Public health institutions employ 250,000 workers and the number of medical specialists has risen sharply even though the number of hospital beds has fallen.

The total costs of health care, including medical treatment and related social services, have soared by 45 per cent since 1982, with medicine alone jumping 43 per cent. Improving medical technology, patients' rising expectations and the industry's lack of cost-control incentives have fuelled the enormous rise.

Elderly people will add an extra Fl 1bn to the country's medical bill by the year 2000, according to a 1986 health ministry report. When the centre-right government of Mr Rund Lubbers, the Prims Minister, entered office in 1982 it immediately announced measures to slash ths number of hospital beds, to share expensive medical equipment and thin the ranks of medical specialists.

Between now and 1990 another Fl 2bn must bs saved through further cuts in hospital beds, fewer specialists, and more control over drug costs. Dutch doctors and nurses have yet to strike.

But the country is enveloped in a passionate debate over radical reforms proposed by a commission chaired by Mr Wisse Dekker, the former president of Philips. The Dekker Commission recommends opening up the heavily regulated system to more competition, perhaps even commercial health care.

Economic incentives and market forces should be introduced to control costs while maintaining quality, the commission said in its March 1987 report. "The time is ripe for reform," Mr Dekker said in an interview in his Eindhoven office where he now serves as chairman of Philips' supervisory board. "But it will take some rather courageous decisions as these proposals are far-reaching and... it is unpopular."

Pricing flexibility

The controversial report recommended that more flexible pricing and delivery be allowed to encourage health care providers to work more efficiently. Patients would be encouraged to seek only the care they really need by charging more out-of-pocket expenses.

The two-tier system of public and private insurance would be mergsd into one limited national health service that would cover 85 per cent of medical costs.

This "basic" national health service would shift the financial burden towards the private sector and away from the state by imposing more costs on patients. Public health insurance is mandatory for those with income below Fl 49,600 a year, thus premiums are based on income level and children are free.

But these premiums have left a growing gap to be filled from the coffers of the state, now amounting to about 7 per cent of costs.

A married couple with three children pay the same premium as a single individual with the same income. Under the current system the national health insurance funds are required to compensate doctors, specialists, hospitals and pharmacists through contracts with fixed fees, with no freedom to choose more efficient health care providers.

Tha Dekker proposals would allow insurers, both public and private, freely to contract with the most cost-effectivs medical institutions, thus encouraging price flexibility.

Public health insurance funds and private companies would provide the same "basie" national health service which would cover routine medical care, catastrophic illness and chronic diseases. Individuals could choose whether to insure themselves for the remaining 15 per cent of medical costs – drugs for home use, abortions and cosmetic surgery, for example.

Premiums would be levied on children so that bigger families would pay more and the elderly less. If the Dekker plan were implemented now it would save about Fl 2.5bn by the turn of the century, according to the commission.

But Mr Lubbers, the driving force behind the Dekker plan, believes it could be put in place no earlier than 1990. Five cabinet ministers are meeting tomorrow in a yet another attempt to forge the government's final position on Dekker.

But no one expects the cabinet to reach a consensus immediately. Since the Dekker report was unveiled a year ago tempers have cooled somewhat and Mr Dekker says the medical establishment is "waiting for the government to go ahead."

The big private insurance industry generally supports Dekker but objects that central collection of premiums diminishes marketing opportunities and demands fair criteria for sharing out the pool. Wider coverage of social services also poses high risks, the industry argues.

"The (private) health insurance industry may never be terribly profitable under Dekker – but we are more and more convinced that it can work if there is more flexibility in pricing and volume," said Mr N.A.Hatvoort, a health expert for Nationale-Nederlanden, the Netherlands' largest insurance company.

The next hurdle will be parliament, which would like to debate the issue before another increase in national health insurance premiums takes effect on July 1.

Some MPs say the Dekker plan should be endorsed now so the premium rise could be seen as part of overall health care reform.

Others want to wait and link health care reform to tax reform in order to promise lower taxes in exchange for higher insurance premiums. In any case the parliamentary debate promises to be heated amid efforts to strike at two of the bulwarks of the welfare state: health care and income solidarity.

East Germany's leadership basks in reflected Olympic glory

BY LESLIE COLITT IN BERLIN

THE SHOWER of medals being won by East German skaters, bobsledders and cross-country skiers at the Winter Olympics in Calgary could not have come soon enough for the hard pressed East German leadership.

Faced with widespread criticism about its recent crackdown on the civil rights movement, East Germany is basking in the glow of its second place standing in Calgary. Even East Germans who were mainly critical of the government show pride in the medals being won at the Olympics.

"Winning in sports against the West," said one young East Berlin waiter, "is at least one thing we are good at".

This view is widely held in East Germany where a deep-seated inferiority complex exists towards the West, especially West Germany. But East German chests also swell over winning far more medals than the mighty Soviet sport machine – on a per capita basis.

An office worker admitted yesterday on Unter den Linden boulevard that she felt proud whenever sha saw "our athletes" winning a medal. "It has nothing to do with our flag or the anthem," she added.

The East German leadership spends enormous sums of money on sport and scours schools and playgrounds for budding young athletes. A recent survey showed 90 per cent of young East Germans were proud of their country's sports achievements. Catering to this the East German media is providing saturation coverage from Calgary.

Tedious party line newspapers are filled with lively articles on the Olympics, and normally pedantic television has sprightly reporting by top flight sport journalists. Befitting the subject, ths coverage lacks the defensiveness of so much East German commentary. Heinz-Florian Oertel, the popular dean of sport reporters, lavishes praise on the foreign rivals of the East German athletes.

Even Neues Deutschland, the ideologically tense party newspaper, could not resist putting a radiant Katarina Witt, East Germany's figure skating champion, on its front page after her recent news conference in Calgary. Miss Witt, a member of the party, is the closest thing it may have to sex appeal.

Every athlete who wins a medal in Calgary is assured a congratulatory telegram from President Erich Honecker which is then published in the newspapers. The message usually ends with "Best personal wishes for your future" which, in East Germany, is guaranteed, at least materially, by winning, gold, silver and bronze medals.

Successful East German athletes get whirlwind delivery of a car which normally involves a wait of up to 14 years. They also obtain flats in record time.

Another important motivation for sporting achievement is the ability to travel to the West, which is still denied to most young East Germans. One Hungarian official noted that the opening of his country's borders for travel by citizens abroad in the 1960s was followed by a steady slide in the performance of its athletes.

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US groundwork for Shultz visit to Jerusalem

BY ANDREW WHITLEY IN JERUSALEM

THE US is making strenuous diplomatic efforts to prepare the ground ahead of tomorrow's arrival in Israel of Mr George Shultz, Secretary of State, at the start of a Middle East shuttle mission. Mr Sholtz himself yesterday expressed little optimism over achieving a breakthrough.

During his five-day visit Mr Shultz is expected to have separate meetings with Mr Yitzhak Shamir, Prime Minister, and Mr Shimon Peres, Foreign Minister, the respective chiefs of the Likud and Labour parties.

The two have abandoned any attempt to present a unified position, exacerbating the risks of a break-up of the three and a half-year-old coalition and early general elections.

The Prime Minister's office was yesterday putting finishing touches to proposals to put to Mr Shultz centred on a $1.9bn plan to rehouse the 320,000 Palestinian refugees living in squalid camps, nearly 21 years after the 1967 Middle East war. But Western diplomats give the plans short shrift.

US diplomats, led by Mr Thomas Pickering, the ambassador to Israel, and Mr Wat Cluverius, a roving special envoy, are working hard to reassure the three principal parties to the dispute - Israel, Jordan and the Palestinians - that their fundamental interests will be safeguarded by the Shultz plan.

Under this initially the Americans envisage limited autonomy for the Palestinians in the occupied territories. The key part of the plan, however, stipulates there should be an international conference to tackle the substantive issue of exchanging land for peace along the lines of UN resolution 242.

According to yesterday's Ha'aretz, the respected Israeli daily, the US has offered to provide the Israeli and Jordanian Governments with separate letters of guarantee on the substance of the peace process.

While Israel would be reassured that no Palestinian state is envisaged and that Jerusalem will remain united after a pull-back to "secure borders", Jordan is reportedly being told that it could recover much of the territory it lost in 1967.

Two more Palestinians were killed by Israelis in the West Bank yesterday - one of them by a civilian - raising the death toll since December 8 to 65.

Higgins captors 'held'

LEBANON'S Shia Moslem Amal militia said yesterday it had seized two of the kidnappers of US marine Lt Col William Higgins and vowed to secure his release, **Reuter reports from Tyre.**

"A total of six people have been arrested but only two of them participated in the actual kidnapping of Higgins," said Daoud Daoud, Amal's military chief for the Tyre area.

"We were unable to capture the leader of the kidnappers although we know him by name," he said.

Lt Col Higgins, chief of the Lebanon unit of the UN Truce Supervision Organisation, was seized last Wednesday by three gunmen near Tyre, 70 km south of Beirut.

Daoud Daoud said Lt Col Higgins was held either south of the Litani river, an area mostly under Amal's direct control, or in the Nabatiyeh district north-east of Tyre.

The Organisation of the Oppressed of the World, in messages matching those of Iranian-backed Moslem fundamentalist groups, has claimed responsibility for the kidnapping.

Two Kims pledge to aim for opposition unity

BY MAGGIE FORD IN SEOUL

SOUTH KOREA's two opposition leaders, Mr Kim Dae Jung and Mr Kim Young Sam, yesterday held their first meeting since the presidential election last December and pledged to work for opposition unity.

The two Kims were widely blamed for the election of Mr Roh Tae Woo, who takes office tomorrow with only 37 per cent of the vote. Mr Kim Dae Jung reiterated his view that the election had been won by fraud but apologised to voters for the two candidates' failure to unite.

Mr Kim Young Sam said that in the interests of unity in advance of National Assembly elections due in April he was prepared to change his views on the revision of the parliamentary constituency system, currently under negotiation between all the political parties.

Mr Kim Dae Jung's Party for Peace and Democracy has insisted that only the British-style single member constituency could guarantee democratic representation.

The ruling Democratic Justice Party has suggested various combinations of two and three member constituencies combined with some single member seats.

Mr Kim Young Sam's Reunification Democratic Party has tended to favour one of the DJP's proposals, under which it could expect to do well.

Negotiations over the parliamentary system have broken down since Mr Kim Young Sam resigned as party leader two weeks ago in the interests of party unity.

Yesterday's meeting supported observers' views that he had remained in control of the party behind the scenes.

● A UN commander, Rear Admiral William Pendley, yesterday at truce talks showed North Korean generals film of a self-avowed Northern agent admitting the bombing of a South Korean airliner last November in which all 115 people on board were killed, **Reuter reports from Panmunjom.**

Japan hails robust domestic growth

BY CARLA RAPOPORT IN TOKYO

WHILE fears of an imminent recession still haunt the US, the economic news from Japan continues to be rosy.

Reports from government and private sector analysts this week highlight the continued success of Japan's efforts to boost its domestic economy and restrain the growth of its exports in order to bring its industrial structure more into line with that of its Western trading partners.

The most optimistic report comes from the Japan Development Bank, a government-owned financial institution. In a forecast of Japan's economy to the end of the decade, the bank forecasts a real annual growth rate of Japan's gross national product at an average of 3.5 per cent in the best-case scenario between 1985 and 2000 and 2.5 per cent annual growth in the worst case.

The bank said that its best-case scenario, showing high, stable economic growth, depended on continued modest growth in exports, of about 2.5 per cent a year. It also depends on continued fiscal stimulation from the Government. Its worst-case scenario, showing 2.5 per cent annual real growth overall, reflects a decline in Japan's exports because of increasing trade barriers and protectionism.

In both scenarios, the bank predicts that the domestic economy will gain from growth in personal consumption and fixed private capital investment. Industrial growth, according to the bank, will be primarily thanks to the continued expansion of Japan's electronics industry and its service sector.

The Ministry of International Trade and Industry this week released an analysis of the 1987 industrial output figures, stating that Japan's economy clearly expanded on the strength of booming domestic demand last year. It noted that while increased exports contributed to the economy's growth, they "were not a major player in last year's recovery".

The upward trend of industrial production, which rose 4 per cent in the year, was most prominent in the second half of the year, it said. The production rise was led by large increases in the sales of construction materials and capital goods. Both these sectors were stimulated by the Government's public works programmes and the strong private-sector housing boom.

Exports in the period fell by 3.3 per cent in unit terms, compared with a 5 per cent increase in the production index for domestic shipments.

Miti forecasts that industrial production will remain on its upward path this year, supported by the continued strength in building construction, consumer spending, private investments by the corporate sector, and a modest build-up in inventories. The Bank of Japan, in a study titled Corporate Management under the Strong Yen, contributed to the upbeat mood about Japan's economic health this week. The study, based on an analysis of the financial statements of leading Japanese companies for fiscal 1986, concluded that Japan was proceeding well with its efforts to shift its industrial structure from a dependence on exports and towards a robust domestic economy.

Israeli settlers take the law into their hands

Yitzhak Rabin (below): fears communal violence becoming 'a second front'

ARMED JEWISH settlers in the West Bank and Gaza Strip are increasingly taking the law into their own hands, settling feuds with their Palestinian neighbours and acting as a paramilitary vigilante force alongside the army.

Events over the past few weeks have added a dangerous new element to the ferment in the occupied territories. Four Arabs, three of them teenagers, have been shot dead by settlers in recent months. In the latest incident yesterday, a 13-year-old girl was reported to have died in an Israeli hospital after settlers opened fire on Arab demonstrators at the northern West Bank village of Baqa al-Sharqiyya. In turn, a handful of settlers have been seriously injured by rock and molotov cocktail-throwing Palestinian demonstrators.

Posses of settlers rampaging through villages and small towns in the West Bank have been the spark behind several of the past month's violent clashes between angry demonstrators and Israeli troops. In Beit Ummar, a large village some five miles north of Hebron, for example, three young Palestinians were killed when soldiers attempted to disperse villagers who had barricaded entrance routes to their previously tranquil community. The previous night, militant members of the extreme-right Kach party living in the nearby settlement of Kiryat Arba had run amok through the centre of Hebron.

These are only the most visible recent manifestations of the constant tensions between the settlers and Palestinian inhabitants of the occupied territories. Small in number, but exercising a disproportionately large influence on successive Israeli governments, the settlers have always been a major irritant in the Arab-Israeli dispute. The settlements – a rash of intrusive, red-roofed concrete buildings behind high wire fences – are not only an eyesore in the countryside, but the spearhead of the "creeping annexation" of the territories Israel has ruled since 1967 and a constant reminder to the Palestinians of their humiliations.

The more extreme settlers – represented by the Kach party and its ilk – call openly for the expulsion of all the 1.5m Palestinians living in the territories. But to a greater or lesser extent, nearly all of them share the view that life would be so much easier if only the Arabs could be "transferred" somewhere else, such as Jordan.

By the same token, halting the progress of the settlements has loomed large in all the peace plans of the last few years. The recent proposal by Mr Hosni Mubarak, Egypt's President, for a six-month "cooling off" period by both sides was predicated on a halt to all settlement-related activity. And if the latest US peace proposals to be formally launched tomorrow by Mr George Shultz, the US Secretary of State, are to stand any chance of success, bringing the settlers and their powerful backers in the Likud half of Israel's coalition government to heel will be essential.

To date, all efforts to stop Gush Emunim, the right-wing "Bloc of the Faithful" movement inspiring most of the settlement activity, whether from inside Israel or outside, have had little success. A near freeze on the establishment of new settlements was a cardinal principle of the government, when it was formed in 1984. But in the intervening years, the resident Jewish population of the West Bank and Gaza Strip has leapt from 30,000 to nearly 70,000. Mr Meron Benvenisti, a

Andrew Whitley describes the tensions behind clashes with the Palestinians

leading Israeli researcher on the occupied territories, says the supposed freeze has been bogus, with 11 previously empty settlements now populated and nine new ones quietly established.

"Labour ministers are either unwilling, or unable, to interfere with the continuing settlement drive, except in rhetoric," he says.

The settlement drive was launched in 1979 with the blessing of the Begin Government. By the count of the World Zionist Organization (WZO), 139 settlements have up to now been formally established. Many are little more than clusters of prefabricated huts, sustained only by their proximity to army camps and by heavy government subsidies. But nine are rapidly growing urban centres, dormitory towns for Tel Aviv and Jerusalem. On Mr Benvenisti's calculations, by last year gross Israeli capital spending on the settlements had, in constant US dollars, reached $3bn.

And although funding has recently tailed off and some of the long-established settlements are in financial difficulties, the WZO continues to harbour grand ambitions of expansion. "By the end of the century," says Mr Matityahu Drobles, a leading light in the settlement movement, "40 per cent of the population of Judea and Samaria (the Biblical term for the West Bank) will be Jewish, compared with 8 per cent today."

On the one hand, top Likud figures like Mr Yitzhak Shamir, the Prime Minister, have gone out of their way lately to show their solidarity, telling them to "be strong" and promising fresh funds for roads and houses. On the other, the settlers know they cannot rely unquestioningly on the support of the majority of Israelis, and an election in which their future could well be a central issue is fast approaching.

Mr Yitzhak Rabin, the tough Defence Minister they rely on to keep their Arab neighbours off their backs, makes no bones about his dislike for a group he has called "a heavy burden" on the security forces. From a military point of view, what concerns Mr Rabin is that the communal violence between settlers and villagers might develop into "a second front" for his soldiers.

If Israel were to withdraw one day from the Gaza Strip and much of the West Bank, and hand the territories over to a Jordanian-Palestinian confederation as the Labour Party and its small left-wing allies advocate, what then would be the future of these communities of zealots dedicated to populating the biblical Land of Israel?

Some of their inhabitants, especially those who chose to live in the West Bank because there they could find cheap housing in pleasant rural surroundings, would undoubtedly move back across the border. Others say they would stay put, content to live near the places where their ancient ancestors walked, oblivious to the new flag flying overhead.

And others, yet again, say they would fight. Mrs Geula Cohen, a right-wing parliamentarian and staunch defender of the settlers, warned the Knesset the other day in no uncertain terms: "Judea, Samaria and Gaza are not Sinai. There will be a war here," if Israel withdraws, as it did from the Sinai desert in 1982.

She may be exaggerating the strength of the settlers' resolve in the final analysis. But no one has forgotten the fight a handful of settlers, including Mrs Cohen's son, Mr Tzaki Hanegbi, now one of Mr Shamir's closest aids, put up over the Sinai. Any repetition on the West Bank of that traumatic withdrawal will make the events of 1982 – and indeed the recent violence between settlers and Palestinians – seem like child's play.

Greenspan forecasts growth of up to 2.5% in US economy

MR ALAN GREENSPAN, chairman of the Federal Reserve Board, yesterday forecast that the US economy would grow by 2 to 2.5 per cent in 1988, led by exports and investment demand, **writes Anthony Harris in Washington.**

In his first appearance before the House Banking Committee, he announced lower monetary growth targets for 1988, but said the Federal Open Market Committee expected actual monetary growth to be faster than in 1987, when it dropped below the lower limit of the official targets.

He said that monetary policy, which had been aimed at a reduction in short-term interest rates following the October stock market crash, had been further eased "a few weeks agn" in response to some signs that the economy was softening, coupled with the revived firmness of the dollar in the foreign exchange market.

However, "most" members of the Federal Open Market Committee remained confident that growth would be sustained through 1988, with no significant increase in inflation.

The FOMC, he said, had adopted somewhat wider operating ranges, reflecting increased looseness in the relationship between monetary growth and economic growth. He warned that the new ranges left room for a tightening of policy should any sign of inflationary pressure reappear.

Mr Greenspan said: "The challenge as we perceived it through much of 1987 was less to buoy money growth than to prevent one-time price rises related to developments in energy and foreign exchange markets from becoming rooted in a renewed inflation process. Policy had been restrained, and exchange market pressures had helped drive up interest rates.

"The balanre of risks shifted following the crash of October 19. The system temporarily altered its focus to direct measures of money market pressures, and tooks steps to ensure adequate liquidity in the markets...

"I think it is fair to say that the markets still are exhibiting a certain edginess, and we can't be sure yet that normal functioning has been fully restored. In addition, the affects of the stock market events on the economy may not be fully evident. (This) led us to take further small easing steps a few weeks ago.

"In formulating its plans for 1988, the FOMC sought to further a number of complementary objectives – maintaining the economic expansion . . . progress towards price stability . . . and moving over time towards better balance in our external accounts. Committee members were optimistic about meeting these goals.

"The central tendency of FOMC members' and other Reserve Bank Presidents' forecasts is for growth of around 2 to 2.5 per cent from the fourth quarter of 1987 to the fourth quarter of 1988 – close to what is sustainable over the longer haul. Much of the impetus is expected to come from rapid expansion of net exports, which would promote adjustment to better balance externally and interoally. This should involve slow growth in domestic demand.

"Recent patterns of wage settlements do not seem to indicate any imminent break from the restrained behaviour of the mid-1980s. Although capacity utilisation has risen in manufacturing, bottlenecks are not yet a problem, and are not expected to become one if growth follows the subdued path the committee expects.

"Even so, we cannot be complacent about the potential for inflation. The FOMC established ranges for M2 and M3 of 4 to 8 per cent over the four quarters of 1988, a decrease in terms of midpoints of 1 per cent compared with 1987. The lower end of the ranges allows for little pick-up in monetary growth from 1987 if, for example, inflation expectations were to strengthen.

"The FOMC does not anticipate that circumstances will call for such slow monetary growth. In fact, it expects some acceleration perhaps to around the middle of the ranges. We have widened the ranges from the traditional 3 per cent in recognition of the unusual uncertainty in the economic outlook, and the large movements of money relative to income in recent years.

"Given uncertainties about how financial market pressures may in fact need to vary in response to changing conditions in the economy, it is difficult to decide in advance on the appropriate rate of growth of an aggregate that is sensitive to movements in interest rates. Such growth could range over a fairly wide spectrum, and still be consistent with satisfactory performance of the economy.

"This analysis (suggested) a modest widening in the ranges for M2 and M3 and also underlies our decision again not to establish a target range for M1. We have monitored the behaviour of M1, and our calculations suggest that something like a seven percentage-point range would be required to encompass the same uncertainties as are captured by our four-point range for M2. Such a wide range would be of little use in the conduct of policy or in communicating our stance to the public.

"One should not conclude from this that the Federal Reserve is giving up on monetary targeting. We are not. The linkages between money, prices and spending may have loosened, but that is mainly a problem over the short run."

Turning to the world economic outlook, Mr Greenspan called for further progress in reducing the US Federal deficit, and gave a strong warning against protectionism.

"Our fundamental task remains managing the process of restoring internal and external balance which is now under way," he said. "This cannot be negotiated by the Federal Reserve alone.

"For the US, the most direct and beneficial approach would be to address the problem at its source – the federal budget deficit. (This) would give us the opportunity to reduce dependence on foreign capital, while still encouraging much-needed investment spending. Domestic demand must be restrained if our international sector is to expand without more inflation. Without fiscal restraint, greater pressures would be felt in the financial markets.

"Our adjustment has a counterpart for our trading partners. They must promote expansion

US durable goods orders fall 2.8%

By **Anthony Harris in Washington**

ORDERS for durable goods in the US fell 2.8 per cent in January, to $112.2bn, the Commerce Department announced yesterday.

They had risen by 4.1 per cent in December, and some fall was widely expected in the January figures, though the correction was a little sharper than the market's consensus forecast.

Shipments fell rather more sharply, by 3.3 per cent, and unfilled orders, which give a steadier indication of the flow of orders against output, rose for the eleventh successive month, by 0.8 per cent.

Changes in orders and deliveries of transport equipment again accounted for virtually all the volatility in the durables series. Aircraft orders, which have been rising strongly, eased, though order books rose, and orders for cars and parts also fell.

The flow of car sales and output has been becoming increasingly erratic, reflecting heavy competition in discounts at the retail level, and rapid changes in market share among the major manufacturers, and the large swings in sales from month to month have destabilised several of the main economic series, although expenditure on cars accounts for only 10 per cent of total consumer expenditure.

Orders and shipments for primary metals, about a tenth of the durables category, fell particularly sharply, by 15.5 and 7.8 per cent respectively, reflecting a change in sentiment; quite strong speculative stock-building was reported in the second half of 1987.

Peres and Meese deny pipeline pay-off claims

BY ANDREW WHITLEY IN JERUSALEM AND NANCY DUNNE IN WASHINGTON

MR SHIMON Peres, the Israeli Foreign Minister and Labour Party leader, yesterday denounced as "worthless nonsense" allegations that Israel was to have received $700m over 10 years if it refrained from attacking a proposed Iraqi pipeline to Jordan.

The Foreign Ministry said Israel had agreed to consider a US request not to bomb the pipeline – but had not promised anything. A secret 1985 memorandum to US Attorney-General Edwin Meese, published on Monday, said part of the proceeds from the pipeline would go to the Labour Party. But this is vigorously denied by Mr Peres.

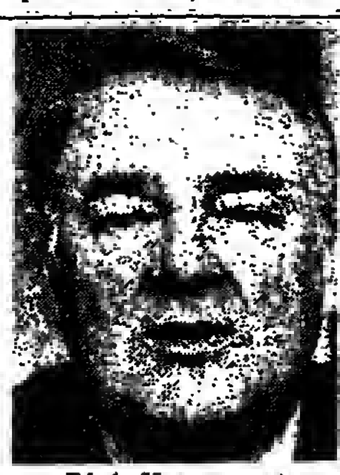
Earlier this week, Mr Peres, prime minister at the time the project was under discussion, confirmed that he had sent a handwritten note to Mr Meese in 1985 in which Israel signalled that it would not oppose the construction of the billion-dollar pipeline.

His aides had previously denied that any such note existed.

In Washington yesterday the Attorney General seemed prepared to ride out the tempest over disclosures about his role. He was said to have told friends he would not resign.

Mr Meese's lawyers released documents about the proposed "arrangement" with Israel on Monday. The Attorney General has denied reading the reference about the money going to the Labour party. His attorneys maintain that "rather than being incriminating evidence, (the documents) demonstrate the Attorney General's actions with regard to the Iraqi pipeline venture were entirely correct."

The reference was contained in a memo from a Mr E Robert Wallach, a longtime Meese associate. Mr Wallach was indicted in December on charges of taking payments from a Bronx military contractor to influence Mr Meese. Mr Meese is also under investigation by an independent prosecutor about his involvement with the contractor.



Edwin Meese: secret memorandum

Israel's interest in promoting the Iraqi pipeline – intended to terminate at the Jordanian port of Aqaba, very close to the Israeli frontier – stems from a fierce debate within the government over whether to switch the country's historic leaning towards Iran in favour of both countries' old enemy, Iraq.

Iraq's apparent willingness to export much of its oil along a route which would run close to the de facto Israeli border with Jordan was seen in Jerusalem, by advocates of the switch, as an important signal of its long-term intentions towards the Arab/Israeli dispute.

First blood in Pentagon battle over cuts in defence spending

Stewart Fleming on the row behind the resignation of the US Navy Secretary

SENATOR Edward Kennedy, chairman of the Senate Armed Services subcommittee which oversees the Navy, best summed up the significance of the resignation of Mr James Webb, the US Navy Secretary, who quit on Monday leaving as his legacy a searing attack on his boss Mr Frank Carlucci, the Secretary of Defence.

Mr Webb's decision, Senator Kennedy said, "has obviously launched an important new stage of the debate about Pentagon priorities and the size and type of Navy we need."

In the first four years of the Reagan Presidency, as the Administration pursued its incompatible goals of expanding defence spending dramatically while lowering taxes, it was mainly liberal Democrats who were seething with frustration as they watched the White House, in their view wantonly, cutting into the welfare programmes in a doomed effort to try to prevent the Federal budget deficit from spiralling out of control.

That struggle between social and military priorities, which quite neatly divides the left and the right of the political spectrum, continues. Indeed President Reagan earlier this week was once again defying the views of the majority of state governors in resisting proposals for a sweeping reform of the welfare system which he maintains will be too costly.

What Mr Webb's resignation signals, however, is that the incompatibility of President Reagan's spending and taxation policies is now beginning to hit a part of the budget dear to conservative hearts.

Conservatives, alarmed at the fourth year of declining military spending in real terms in the 1989 budget, are now beginning to wonder whether the time has come to accept that one conservative priority, a strong military, can only be achieved if another priority, avoiding a tax increase, is thrown out of the window.

However, this trade-off is not the only option. Mr Webb himself a few weeks ago caused a storm by suggesting that if savings are needed on the defence side he would pull some troops out of Europe.

In common with most of the presidential candidates, he urged western Europe to pay more for its defence. And, reflecting traditional naval priorities, he said American military strategy paid too much attention to Europe and too little to the Pacific.

The Commerce Department's top trade official, Mr Bruce Smart, has resigned abruptly after what Mr C. William Verity, Commerce Secretary, called a "difference of management styles," AP reports from Washington.

Mr Smart, under secretary for international trade since July 1985, reportedly had been in line to become deputy commerce secretary. Mr Verity said Mr Smart had refused to withdraw his name for this job and declined to remain in the trade job.

It was Mr Webb's acerbic comments about Mr Carlucci's lack of "leadership" in the Defence Department, which caught the headlines. "This building needs to be led...it needs vision" said the 42-year-old Vietnam war veteran; expressing the frustration felt by many of Mr Carlucci's critics at his decision to abandon the confrontational strategy which his predecessor, Mr Caspar Weinberger, adopted in budget dealings with Congress.

But the real issue is not the tactics in dealing with a Democrat-dominated Congress. The fact that Mr Carlucci has had to abandon the Reagan Administration's goal of a 600-ship Navy just when (in Mr Webb's view) it was on the verge of being realised demonstrates the difficult choices facing budget policy makers over the next few years.

Just how divisive these choices will be was underscored by a comment of Mr Carlucci that within the Pentagon a higher priority must be attached to the Army not the Navy. The Army would have a tougher time making additional force structure cuts than the other services, he told the New York Times just before the announcement of Mr Webb's resignation. And he added: "It is going to be difficult to convince the Navy of that." It certainly was.

Honduras criticised

Government opponents in Honduras are subjected to bomb attacks, death threats and other forms of harassment, according to Amnesty International, writes Robert Graham. The report also expresses concern at the lack of accountability of the armed forces, especially members of the secret intelligence unit, Battalion 3-16. The report will be studied closely in Washington. The large quantities of US aid are linked to the human rights performance of the Suazo Cordova government.

Argentine minimum pay talks deadlocked

BY TIM COONE IN BUENOS AIRES

TALKS on the minimum wage level in Argentina were deadlocked yesterday, as unions, industry and the government failed to agree on either a new floor for wages, or a mechanism for regularly revising it.

A tripartite commission set up to fix the new minimum wage has been negotiating since the end of last week but has been unable to find common ground between the General Confederation of Workers (CGT), which is demanding a 200 per cent increase on the present level of Aus 350 per month ($60), and the government which is trying to keep the floor to Aus 450.

The CGT also opposes a proposal from the industrialists to only revise the minimum wage every six months, claiming that it will be eroded rapidly in the coming months due to an expected acceleration in the inflation rate.

The issue is critical because although only a few workers receive the minimum wage, pay scales in most industries are linked to the legally enforceable minimum. It will thus set the guideline for a renegotiation of pay scales throughout the country, as unions and industries prepare for a return to free collective bargaining after more than a decade of government intervention in wage negotiations.

An average family of four consuming a standard basket of goods and services which is used in calculating the retail price index, spends over four times the present minimum wage. The CGT wants the new minimum to reflect at least two-thirds of the cost of the basket.

The government fears a big increase in the minimum wage will create an explosion in wage demands setting off an inflationary spiral.

The last adjustment to the minimum wage was in October when it was increased from Aus 200 to Aus 350. Since then retail prices have risen by more than 50 per cent.

Smart quits post as head of trade

BY NANCY DUNNE IN WASHINGTON

MR BRUCE SMART, the US Commerce Under-Secretary, has unexpectedly resigned his position in charge of international trade after losing the support of the Commerce Secretary.

The decision comes at a time when experienced Administration hands are needed in House-Senate negotiations over the trade bill.

Mr Smart had been nominated for a promotion to deputy secretary, the department's number two job. However, Mr William Verity, the Commerce Secretary, withdrew his support for the promotion, although he urged Mr Smart to stay on in the under-secretary job.

In a statement on Monday, Mr Verity maintained that "a difference of management styles developed between Bruce Smart and myself and I asked him to agree to have his name withdrawn for the position of deputy secretary."

Mr Smart had held his position for three years and had been under consideration for the Commerce Secretary job when it became vacant after the death of Mr Malcolm Baldrige last July. However, President Reagan selected Mr Verity, 70, a retired steel company executive who is friends with Senator Lloyd Bentsen, the Chairman of the Finance Committee. He has held the position for only four months.

Mr Smart, 65, is a former chairman and chief executive of the Continental Group, which he left following a merger. A "hardliner" in trade negotiations, he worked out the US-Japanese semiconductor settlement and has been actively involved in the push to get the Japanese to open their public construction market.

He preached "vigorous" enforcement of export control laws, warning that the US must be "vigilant in the protection of sensitive products and technologies."

Far East sales of cognac set for steady growth

BY LISA WOOD IN LONDON

CONTINUED growth of cognac sales in the Far East has been forecast by Mr Gerard Sturm, director of the Bureau National du Cognac, which represents the interests of cognac.

Mr Sturm, speaking in London, attributed an impressive growth in cognac shipments in 1987 to higher sales to the US and Far East. Shipments of cognac in France and for consumption abroad grew by 10.9 per cent in volume and 15.1 per cent in value in 1987, against the previous year.

Exports increased 11.4 per cent and accounted for 129.9m of the 142.4m bottles shipped for consumption. Exports to the US, the main market for cognac, increased by 19 per cent in volume. This amount was inflated by panic shipping in January 1987 when the US was threatening tariff increases on key European food and drink exports including cognac. This is illustrated by the fact that the volume of cognac released for sale rose by 13 per cent in 1987.

Exports to Asia, however, rose 30 per cent. Biggest markets were Hong Kong, Japan, Singapore and Malaysia. Exports to Hong Kong, for example, passed the 10m-bottle mark and those to Japan reached 9m bottles.

Mr Sturm said: "The Far East is a key area for us. This is a part of the world where cognac producers are investing a lot of time and effort."

His comments came a few weeks after the battle for control of Martell, France's second largest cognac house, which has a strong presence in the Far East.

US and EC stress Gatt hurdles for China

By **William Dullforce in Geneva**

THE US and the European Community yesterday underlined the difficulties China faces in negotiating membership of the General Agreement on Tariffs and Trade.

Both welcomed China's application to rejoin the 95-member body governing world trade, which it quit in 1950 after the Communist regime had come to power.

But both raised questions about the speed and effectiveness of Peking's economic reforms, Chinese pricing and costing methods, the lack of information for foreign traders, and the availability of foreign exchange.

China expects to be given the preferential treatment allowed for developing countries in Gatt.

Its economic reforms had introduced drastic changes in the past nine years and would bring its trade structure into line with the Gatt system, Shen Jueren, assistant minister for foreign economic relations, told a working party examining Peking's application.

But Mr Roderick Abbott of the EC, said there was still no mechanism for pricing goods in the form expected of a market economy.

The EC saw "unmeasurable potential" for China to increase exports at prices which were not related to those of world markets. Gatt members needed to feel sure they could defend themselves against injuries that could result from such elements in the Chinese system.

The US wanted a more specific description of China's plans for implementing trade and price reforms, Mr Douglas Newkirk, an assistant US trade representative, said.

It would need to know, among other things, how and where exporters could get adequate information to trade with China.

David Lane, recently in Milan, reports on a strategy for energy sourcing from Algeria to Norway

Italy plans for 21st century gas supplies

"NATURAL GAS from the Gulf has no hope of penetrating European markets in the foreseeable future," said Mr Pio Pigorini, chairman of Snam, the subsidiary of Italy's state hydrocarbons corporation ENI. It is responsible for gas imports and transport and Mr Pigorini has the job of making sure that supplies are sufficient to satisfy the country's short-term and long-term needs.

Two reasons underlie Snam's lack of interest in the Middle East: reliability of supply, and cost. Prospects for gas from the Gulf suffer from the region's uncertain politics. They are also handicapped by distance and transport costs.

Mr Pigorini dismissed the idea that Middle East supplies could have a role in meeting the growing demand for natural gas in Italy. He pointed to the enormous resources available in and around Western Europe.

Snam already buys large quantities from Holland, the Soviet Union and Algeria. It has contracts extending beyond 2000. "Only after the end of the century will new contracts be needed, perhaps then with other suppliers," said Mr Pigorini.

With an eye to this distant future, Snam started talking to the Norwegians about a year ago on the subject of gas from the Troll field in the North Sea. "But we have not yet started negotiations. It is more a deep exchange of views," said Mr Pigorini.

ITALIAN GAS IMPORTS AND AVAILABILITY

Year	A	B	C	D	E	F
1978	12.9	2.5	6.1	5.6	0	27.1
1979	12.6	2.1	6.7	5.9	0	27.5
1980	13.0	1.4	6.6	6.4	0	27.4
1981	12.7	0	6.6	7.1	0	26.6
1982	13.2	0	4.9	6.6	0	26.7
1983	12.7	0	4.9	7.7	2.1	27.4
1984	13.2	0.4	4.6	7.6	6.6	32.4
1985	13.6	0.3	4.8	8.2	6.5	33.2
1986	15.2	0	4.1	7.7	8.4	35.4
1987	15.0	0	4.2	8.3	10.8	38.3

Source: Snam. Unit: bn cu m. A = Indigenous production B = Imports from Libya C = Imports from Holland D = Imports from Russia E = Imports from Algeria F = Total availability

Figures from Snam show that considerable slack exists before current contracts begin to come under strain. Last year the company bought 10.8bn cu m from Algeria on a contract which foresees annual purchases of 12.5bn cu m until 2008.

Imports from Algeria through the TransMed pipeline started in 1983. Within two years the north African country had become Italy's main foreign source of natural gas.

However, supplies from Russian fields will soon return to the top ranking they held after overtaking the Dutch in 1981. Snam has three contracts with the Soviet Union, the first expiring in the year 2000 and the third extending until 2012.

During the next decade Italy will be buying 13bn cu m annually from the Soviet Union, a figure significantly higher than last year's imports of 8.3bn cu m.

Mr Pigorini pointed out that Russia had the world's biggest known reserves of natural gas – 41,000bn cu m, or 40 per cent of the world total. "The agreement reached in 1984 reflects Snam's lengthy and positive experience of importing natural gas from Russia," said the company's chairman.

He emphasised that the Soviet authorities had always offered competitive price conditions and had never failed to ensure supply continuity.

Snam bought its first Soviet gas in 1974, the same year in which imports started from the Netherlands. However, the company's first foreign source were made three years earlier when consignments of liquefied natural gas (LNG) from Libya were landed at the Panigaglia terminal near La Spezia. The last commercial shipments from Libya were in 1985, since when the Panigaglia terminal, Italy's only regasification plant, has been kept in mothballs.

The announcement last spring that Panigaglia is to be rebuilt means that Snam will no longer be able to process heavy LNG from Libya.

Panigaglia's annual capacity of 3bn cu m will not be increased. The plant will, however, add flexibility when it returns onstream next year.

LNG producers should then see a new player entering the spot market. It is expected that Nigeria will be a beneficiary of Panigaglia's rebuilding. Mr Pigorini describes the west African producer as an interesting prospect, though this is due in good measure to the direct stake of Snam's sister company Agip in exploring for and developing Nigerian hydrocarbons resources.

In preliminary discussions, the Nigerian authorities have assured the Italian company that its gas will be competitive.

This may be so today but, for the first three years of purchases from Algeria, Italy paid a so-called political premium of 14 per cent for the gas which flowed up the TransMed pipeline.

Mr Pigorini described gas pricing as a delicate issue and the structure of contracts as complex. Prices are given secret classification and Italy's import statistics are rigged to camouflage the amount Snam pays its foreign suppliers.

He admitted that negotiations with suppliers, which occur every three years, had never been easy. "But agreement is always reached. There is enormous availability and suppliers must sell their gas. This is particularly true of Russia and Algeria which need hard currency."

There is some concern that Snam relies too heavily on high-risk suppliers. Algeria and Russia, although not Libya, are seen as risky. There are fears that the gas weapon is beginning to offer a threat as potent as oil in the 1970s. "But gas should not cause fear. It is in nobody's interest to turn off the tap," said Mr Pigorini.

One safeguard lies in Italy's own reserves of about 270bn cu m – 18 years' supplies at current production rates. Moreover, Snam's strategy of building stocks has created nearly 11bn cu m of gas immediately available for distribution should the need arise. "We aim to be able to cover a whole year of lost imports from our largest supplier," said Mr Pigorini.

Aer Lingus to share in express parcels venture

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

AER LINGUS, the state-owned Irish airline, yesterday became the first European scheduled passenger airline to take a direct stake in the booming express parcels business.

Aersecuricor, set up by Aer Lingus and Securicor, the UK security transport and express parcels group, is also the first joint venture between a scheduled airline and an existing express carrier.

The announcement of the joint venture follows the allocation of extra European routes to Aer Lingus under the "fifth freedom" provisions of the EC agreement on air services reached in Luxembourg in December.

This allows Aer Lingus to fly to a number of European cities from Manchester and Birmingham, in addition to its existing services from Dublin and London.

Aersecuricor provides Securicor with a link between its existing ground operations in Europe, without the cost of investing in its own aircraft.

Aer Lingus will benefit from a boost in cargo volumes, especially for its Boeing 737 fleet.

US-Japan chip talks soon

US and Japanese semiconductor industry executives, along with trade officials from both countries, plan to meet next month in California to discuss US demands for greater access to the Japanese semiconductor market, **Louise Kehoe writes.**

The meeting, set for March 24-25, is jointly sponsored by the Semiconductor Industry Association, a US trade group, and its Japanese counterpart, the Electronic Industries Association of Japan.

It is the first official joint industry and government meeting since the signing of the US-Japanese Semiconductor Trade Agreement in September 1986.

Call to curb producers' grip on Europe refining

BY STEVEN BUTLER

MR FRANCO Riviglio, chairman of Ente Nazionale Idrocarburi, the Italian state-owned energy company, has called for measures to halt oil-producing countries gaining control of a large part of the European refining industry.

Mr Riviglio told a meeting organised by Banque Paribas Capital Markets that European refining profits had been undermined by the increase in imports of refined products, which reached 17 per cent of inland consumption last year. More than 30 per cent of the imports came from members of the Organisation of Petroleum Exporting Countries.

Kuwait, Venezuela, Libya and Mexico had acquired refining interests in Europe in order to assure a secure market for their products and there were dangers that an integrated structure could come into existence.

European refining profits have been depressed for many years, in spite of a reduction in capacity by about 30 per cent since the start of the decade.

Europe needed to maintain independent capacity, Mr Riviglio added.

UK NEWS

Last year's output rise highest since 1970s

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

BRITAIN'S output rose by nearly 5 per cent last year, the fastest growth rate seen since the early 1970s, according to preliminary official figures released yesterday.

The Central Statistical Office said that its estimate of the output measure of gross domestic product shows a rise of 4.8 per cent in 1987.

That was the largest increase since 1973 when output expanded by 6.8 per cent during the boom under the then Tory administration.

The latest figures suggest that the pace of growth decelerated slightly in the last months of the year after a particularly rapid surge in the third quarter.

Overall, however, they indicate that the economy remained buoyant despite October's stock markets crash.

During the last three months of 1987 output was 1 per cent higher than in the previous three months and over 5 per cent above the same period a year earlier.

The CSO does not yet have a full breakdown of production in the different sectors of the economy, but the two key sectors - services and manufacturing industry - both recorded rises in output of about 5.5 per cent during the year.

Output of the production industries, which includes energy and water as well as manufacturing, rose by just over 3 per cent, with lower oil and coal production offsetting the faster expansion in manufacturing.

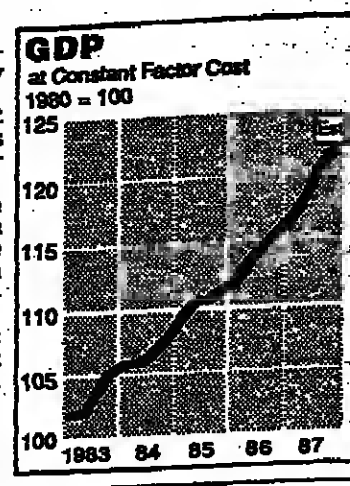
Both the Treasury and most independent forecasters expect the economy to slow further during 1987. The Treasury's next forecast, to be published in its March 15 budget, is likely to project a rise in output of around 3 per cent in 1988.

Apart from the slight slowing in output shown in the latest figures, there are signs that the surge in consumer spending which provided the main impetus to growth last year may now be moderating.

Since the trough of the last recession in 1981, output has grown on average by 3.5 per cent a year.

● Britain's economic growth will show a marked slow down this year, but it will still be among the highest in Western Europe, the National Westminster Bank said yesterday.

The bank's chief economist predicts growth of 2.4 per cent in 1988, but he estimates that only three Western European countries - Spain, Portugal and Finland - will expand faster than the UK.



INSTITUTE OF DIRECTORS ANNUAL CONVENTION

Japan's envoy lauds economic 'miracle'

BY FIONA McEWAN

BRITISH industry yesterday received a remarkable tribute from Japan's top representative in Britain for its economic resurgence in recent years.

Speaking to 3,000 captains of industry at the Institute of Directors annual convention in London, Mr Toshio Yamazaki, the Japanese ambassador, spoke with glowing praise in a departure from traditional Japanese reserve, of the "British miracle" he had witnessed in the last three years.

"Bold policies of de-regulation and de-nationalisation, reforms in union law and taxation and the encouragement of competition have made it possible for you to welcome Britain's new enterprise culture," he said.

He praised Mrs Margaret Thatcher's policies for bringing Britain to the head of the world's league table for economic growth along with Japan and ahead of West Germany and France. "If there were Business Olympics, Britain would be winning quite a few gold medals."

As a result of this turnround, "Japan's mental map of Britain as a whole is now being transformed," and the country is a powerful magnet for Japanese investment abroad, he continued.

Last year, Britain won a larger share of Japanese investment than any other European nation. Japanese companies committed £430m in fresh manufacturing investment in Britain and 19 oew companies eotered the country.

There are now more than 70 Japanese companies manufacturing in the UK, said Mr Yamazaki. Much of this can be attributed he believes to "the upsurge of confidence felt by our managers in the loyalty adaptability and energy of the British workforce."

Mr Yamazaki: faith in UK

On a warning note, however, the ambassador told the convention that the chief threat to future prosperity for both nations which depend on the free flow of world trade, lay in the possible spread of protectionism. "The events of the past year in the world's financial markets have seriously increased this danger."

He suggested one beneficial result of the turmoil in financial markets might be in persuading industrialists that "it is unhealthy and short-sighted" for manufacturing companies to put their surpluses into foreign exchange or stock markets rather than into long-term manufacturing investment.

Sir John Hoskyns, director general of the Institute of Directors, restated the Institute's appeal for lower taxes in order to generate "the vigour and flexibility" to take on world competition.

UK urged to prepare for 1992

By Fiona McEwan

A THREE-POINT proposal to integrate Britain into the European Community was urged yesterday by Mr Michael Heseltine, the former Conservative Defence Secretary.

He called on the Government to back UK entry into the exchange rate mechanism of the European Monetary System, to integrate European defence more fully, and to support the 1992 relaxation of trading barriers. He also proposed the appointment of a Cabinet-rank "Euro-minister."

Mr Heseltine told the convention that Britain had failed to condition its people to "the realities of the European option." The Common Market was not "an à la carte menu where you take your fancy at the cheapest price."

The market, he said, was slowly progressing into a community of nations prepared to accept reduced national sovereign power because its members perceived the benefits of more real power shared together.

However, he added: "No-one is going to try to impose on Britain, at the point of a bayonet, some minutiae of European law."

● Mr John Butcher, Industry Minister, urged British industry to step up its links with education and called for businessmen to take advantage of the options to join school governing bodies.

He called for the continuation of the institute's "work shadow" programme which had involved some 3,000 young people in short-term industry placement.

He spoke of plans to encourage teachers to spend two weeks inside industry "to get a flavour of commercial realities."

Mr Butcher told the convention that the Department of Trade and Industry was keen to improve the quality of management in companies.

Brittan states case for base rate rise

BY PETER RIDDELL, POLITICAL EDITOR

A POWERFUL case already existed for a further increase in interest rates, Mr Leon Brittan, the former Conservative Cabinet minister, argued last night in urging a cautious approach in the forthcoming Budget.

Speaking at a dinner in London, Mr Brittan said it was essential to oppose high pay claims if inflation was not to rise again.

He said the Government should reinforce the message by making it clear to employers that if they "concede excessive pay claims the Government would respond with the most vigorous counter-inflationary action. That means putting up interest rates.

"The small increase earlier in the month was a warning shot across the bows. There is already a powerful case for a further more substantial increase. If there are more pay settlements like Ford's, the case will become irresistible."

Mr Brittan also argued that it was time to dispel the impression that there were billions of pounds swilling around in the Treasury. Mr Brittan said the aim for 1988-89 should be a negative public sector borrowing requirement.

BBC chairman sets new broom agenda

BY RAYMOND SNODDY

MR Marmaduke Hussey ,the chairman of the BBC, spoke yesterday of the "complacency and arrogance" he found when he arrived at the corporatioo and of his belief that BBC journalism had "not always done itself justice."

Mr Hussey was making his first major public speech since becoming chairman 15 months ago.

Under the title "A New Agenda at the BBC" he told the convention: "When I joined the BBC I felt it was not always sufficiently responsive to the customer. There was a touch of complacency, arrogance even: a reluctance to acknowledge the right of the public – who fund us – to criticise us or complain."

The BBC chairman also said that although the corporation's reputation was founded on the integrity and independence of its journalism there was a need to "re-capture that reputation."

The management had been shaken up, attitudes were changing, departments were beng overhauled and the BBC was becoming more commercially minded.

The corporation saw a magnificant opportunity in new satellite channels because although technology could multiply channels, it could not multiply good programmes in the same proportion.

"So Auntie is now loosening her corsets and wading firmly into the market place," said Mr Hussey, a former chief executive and managing director under Mr Rupert Murdoch of Times Newspapers.

The main objective for the BBC was now to consolidate its position as "a producer of fine, imaginative and challenging programmes" while making sure that increased competition did not tempt it into lowering standards.

Mr Hussey told the Institute of Directors how previous BBC chairmen had told him of attempts by both Conservative and Labour ministers to pnt pressure on the BBc.

"Nothing that has happened in the short time I have been chairman of the BBC leads me to suppose that that attitude had changed," he said."Equally unchanged, will be our determination to resist any challenge to our editorial freedom."

Notice to Holders of

Baxter Travenol Finance Corporation

(Formerly American Hospital Supply Finance Corporation)

Zero Coupon Notes Due August 15, 2000

NOTICE IS HEREBY GIVEN to the holders of Baxter Travenol Finance Corporation (formerly the American Hospital Supply Finance Corporation: hereinafter called the "Company") Zero Coupon Notes Due August 15, 2000 (the "Notes") that the Company has been merged into Baxter Travenol Laboratories, Inc. ("Baxter"). Pursuant to Section 14 of the Fiscal and Paying Agency Agreement dated as of November 15, 1984 (the "Fiscal and Paying Agency Agreement"), between the Company and Citibank, N.A., as Fiscal Agent (the "Fiscal Agent"), the Company, Baxter and the Fiscal Agent have entered into an Amendment to the Fiscal and Paying Agency Agreement, dated as of February 16, 1988 (the "Amendment"), whereby Baxter, as the successor corporation, has, among other things, expressly assumed the due and punctual payment of all payments in respect of the Notes and the performance of every covenant of the Fiscal and Paying Agency Agreement and of the Notes on the part of the Company to be performed or observed.

Copies of the Amendment are on file at the principal office of the Fiscal Agent, in the Borough of Manhattan, City of New York, New York, for inspection by all holders of Notes.

BAXTER TRAVENOL FINANCE CORPORATION
By: CITIBANK, N.A.
as Fiscal Agent

Dated: February 24, 1988

NOTICE OF REDEMPTION
To Holders of

U.S. $100,000,000 GMAC Overseas Finance Corporation N.V.

Retractable Notes due April 1, 1997

Notice is hereby given that pursuant to Paragraph 9 of the Notes and Section 4(c) of the Fiscal and Paying Agency Agreement dated as of April 1, 1982 between GMAC Overseas Finance Corporation N.V. (the Company) and Chemical Bank, Fiscal and Paying Agent, the Company hereby gives notice of its election to redeem all of its Retractable Notes due April 1, 1997. The date fixed for redemption shall be April 1, 1988 and the Notes will be redeemed at the price of 100% of the principal amount thereof together with accrued interest to the date fixed for redemption. After April 1, 1988 the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all appurtenant coupons, if any, maturing on and after the date fixed for redemption at the principal office of the fiscal agent, Chemical Bank, 55 Water Street in New York City or at the principal offices of Chemical Bank in London, Frankfurt, Paris and Zurich and the principal offices of Banque Bruxelles Lambert S.A. in Brussels and Banque Generale du Luxembourg S.A. in Luxembourg.

GMAC Overseas Finance Corporation N.V.

Dated: February 17, 1988

Dublin talks start today amid mounting tensions

BY MICHAEL CASSELL AND KIERAN COOK

TALKS between British and Irish ministers are expected to take place in Dublin today, following a series of events which threaten to further undermine Anglo-Irish relationships.

The scheduled session, to be held under the terms of the Anglo-Irish agreement, is expected to raise several areas of potential disagreement between the two governments and will take place against a background of growing uncertainty over prospects for the 27-month old accord.

In London, some Conservative members of parliament who supported the signing of the agreement are now known to have serious reservations about its continuing value. Yesterday Mr Merlyn Rees, the former Labour Home Secretary, said the accord "if not in ruins, is tottering".

Tensions between the two governments have risen again, following the Irish Government's decision to set up its own police inquiry into the weekend shooting of a civilian by a British soldier at a County Tyrone checkpoint. The Royal Ulster Constabulary has described the shooting as an accident.

The decision, which provoked anger both at Westminster and among Unionists in Northern Ireland, is almost certain to be raised today by Mr Tom King, the Northern Ireland Secretary, who will make clear the extent of the Republic's participatory powers in Northern Ireland's affairs under the terms of the agreement.

The Irish Government, however, feels its inquiries form a legitimate exercise under the terms of the accord. It is also felt in Dublin that members of the nationalist community in the North will co-operate more fully with an enquiry by the Irish police than with members of the RUC.

In a further development likely to undermine relationships between London and Dublin, the army in Northern Ireland confirmed that a private sentenced to life imprisonment in December 1984 had returned to his regiment to complete a six-year engagement.

Challenged in the Commons to give her reaction to the Irish government's decision to launch its own investigation into the border shooting of Mr Aidan McAneaple, Mrs Thatcher acknowledged its right to establish any inquiry within its own borders but stressed it had not got the authority to investigate matters north of the border.

It later became clear that there is considerable annoyance in Whitehall about the latest Irish move which, it was emphasised, had no relevance within the Anglo-Irish agreement. Government sources said the exercise could only serve a useful purpose if any information gathered by the Irish police was forwarded to the RUC.

Despite the controversy, at a time when relations between London and Dublin have sunk to their lowest level for some years, officials in Northern Ireland say they are determined to return to the ordinary business of the Anglo-Irish conference at today's meeting.

University divests in groups with South African interests

BY JOHN LLOYD

THE LONDON School of Economics yesterday became the first British university to emulate US colleges by divesting itself of all its shares in companies with South African interests.

The divestment covers shares in 25 companies with an aggregate value of £2.5m ($4.4m). The school declined to name the companies, but said they included some of the UK's biggest names.

The decision, already taken in principle by LSE's 100-strong Court of Governors, was yesterday ratified by the smaller standing committee.

The court and the standing committee are chaired by Sir John Sparrow, a director of Morgan Grenfell merchant bank.

The decision revives LSE's position in the vanguard of student radicalism – and is timely, coming on the 20th anniversary of the year in which it acquired that reputation. One legacy of the student revolts of 1968 is the court - a group which used its position to argue strongly for divestment.

Divestment has swept through US campuses over the past two years, and caused institutions from small state colleges to the Ivy League universities to unload their substantial holdings in companies with South African links.

Mr Nick Randall, general secretary of the LSE students union, said last night that he hoped the school's example would now be followed by other colleges.

Both Mr Randall and the school stressed that the decision was one shared by the students and the vast majority of the staff.

A spokesman for LSE said that "as an institution devoted to the social sciences, we felt it right to be in the lead in this sort of activity - and be the first British university to divest."

The court contains a number of figures, mainly former students, now on the right of politics - including Mr John Moore, the Social Services Secretary; Mr Maurice Saatchi, whose advertising agency Saatchi and Saatchi has handled the Conservative Party's election-advertising campaigns; and Professor Kenneth Minogue, who teaches at the LSE and who presented a successful Channel Four series on new right thought.

Employers show bias in favour of men says report

By Jimmy Burns, Labour Staff

STEREOTYPED assumptions about women as "homemakers" and men as "breadwinners" are widespread among employers and result in significant and common acts of discrimination in the recruitment process, according to a report published yesterday by the Equal Opportunities Commission.

The report is based on a case study of 45 companies primarily in the north-west.

It was carried out for the commission by the Department of Management Sciences of Manchester University over a two-year period before the publication in 1985 of the EOC's code of practice aimed at promoting greater equality of opportunity in employment.

The EOC said yesterday that widespread distribution of the code and recent cases before industrial tribunals had raised employers' awareness of the need to avoid sex discrimination in recruitment and selection.

Nevertheless, Mr Patrick Walker, the EOC's chief employment officer said that the survey was being taken as a serious indictment of the attitudes which persisted among some employers who still openly flouted legislation against sex discrimination.

Mr Walker said: "It is a matter of concern to us that employers are continuing to base their selection and recruitment on old-fashioned Victorian ideas and that they do not understand the changes that have taken place in society."

Mr David Collinson, the author of the report, said he doubted whether anything had changed in employers' attitudes since the introduction of the code of practice.

Nearly half the companies involved had equal opportunities policies. Nevertheless, informality in selection and recruitment was often the root cause of sex discrimination, according to Mr Collinson.

This often led to "inconsistent, secretive and unaccountable recruitment practices" through which stereotyped assumptions could flourish.

In one of the typical cases, a manager for a food manufacturer was determined to recruit a married man with children and financial commitments whom he considered to be "most stable."

In contrast, he believed that women were unreliable employees, who could jeopardise the productivity of his department.

Similar preconceptions were revealed by a computer manufacturer when it came to filling vacancies for three customer service engineers.

The recruiting manager believed that only the male family "breadwinner" could be sufficiently motivated.

This requirement for men was reflected in the composition of the maintenance staff, all 19 of whom were male.

Equally, all 78 trainees in the four years of the training scheme's existence had been male.

The research found that the two primary flexibility issues raised by managers who preferred men were geographical mobility and night-shift working.

Several case studies, including one carried out in a high-tech company, demonstrated how selection during recruitment automatically assumed that men were flexible, and that women could not comply with these requirements.

At the same time there were managers who assumed that women were unlikely to display the ambition to build a career and were thus better suited to part-time and temporary work, often in poorly paid mundane jobs.

In one insurance company, 80 per cent of the 210 part-timers were women, none of whom was entitled to permanent health insurance or the staff house-purchase scheme. They also received a significantly reduced pension.

As in male sex-typed jobs, selectors sometimes explained their preference for women by highlighting the prejudice of the present workforce or clients.

Significantly, the survey found that union organisation proved the most successful method for ensuring fairer promotion practices, but was largely ineffectual in influencing recruitment procedures, since the latter was still considered a management perogative.

Barriers to fair selection: by David Collinson: Equal Opportunities Commission, Overseas House, Manchester M3 3HN; £6.

UK must tax spectacles says court

BY TIM DICKSON IN BRUSSELS AND MAGGIE URRY IN LONDON

THE BRITISH Government will have to impose value added tax on the cost of supplying spectacles following a judgement delivered by the European Court of Justice in Luxembourg yesterday.

Currently the UK exempts from VAT the supply of services by people in the health profeseions. The UK'a legal defeat, which experts say could open the way for taxes to be imposed on other medical services not supplied by hospitals, comes at a time of growing tensions between Britain and the European Community on the whole question of VAT.

Final rulings from the Luxembourg Court, for example, are expected to be announced shortly on challenges to Britain's zero rating of several services, notably construction for commercial uses, gas and electricity supplied to industry, protective boots and helmets, and water sewerage.

On top of this, there is the quite separate political row between London and Brussels over the European Commission's propoaals to harmonise rates of indirect tax, apparently threatening the zero rates which Britain now applies to such items are children's clothing.

Yesterday'a judgement centred on the UK'a VAT exemption for spectacles – justified in the hearing on the grounds that it was permitted under Article 13 of the sixth VAT directive of 1977 applying to medical and paramedical services. The Conrt decided, however, that medical supplies like spectacles were not covered by this clause.

A British official said last night that the Government would have to study the judgment but that there was no question of introdncing a new zero rating to replace the outlawed exemption. "Under the directive you are allowed to keep existing zero ratings but not create new ones."

The ruling is not expected to add 15 per cent to the cost of spectacles in the UK. Mr Ian Hunter, general secretary of the Association of Optometrists, said yesterday, "If there is any rise st all it will be in the region of only 3 to 4 per cent. Consumers have always paid VAT on the cost price of frames and lenses. In future the only extra VAT will be on the dispensing fee."

Mr Hunter estimates that the imposition of VAT at 15 per cent might increase the average £50 cost of a pair of spectacles by £1.50 or £2.

Mr Richard Yoffey, depnty group marketing director at Dollond & Aitchison, the largest chain of opticians in the UK, agrees that the rise in spectacle prices will be much less than 15 per cent. Boots, a retail chain with 253 optical outlets, said that in the long term the extra cost would be absorbed. The introduction of sight-testing fees is likely to have a greater impact on consumers.

Mr Hunter suggests that opticians may be able to absorb the extra cost and pass none of the rise on to customers. In the past opticians have not been registered for VAT and have therefore been unable to reclaim VAT on the equipment needed in their practices. They would now be able to do so.

He argues that some opticians have delayed buying new equipment in recent years in the expectstion that VAT would be imposed on their services. Coneumere might even benefit if opticians now invest in new equipment.

It will in any case take some time to make the legislative changes necessary to implement the ruling. Mr Peter Lilley, economic aecretary to the Treasury aaid in reply to a written parliamentary question: "We need to study the judgement in detail and consult intereeted trade bodies before we can make any firm decisions about how to proceed. Any amendment to UK law imposing taxation would have to be proposed to and approved by the House of Commons."

It is thought to be too late to make the change in the forthcoming Finance Bill and Mr Hunter believes it will not take place until mid-1989.

Land Rover strikers told pay offer is 'final'

BY CHARLES LEADBEATER AND RICHARD TOMKINS

ROVER Group senior management are thought to have decided there will be no improvement to the pay offer to Land Rover'a workforce whicb today begins its third day on strike.

The action, by 6,000 manual workers, is against a two-year pay offer worth 14 per cent after consolidation of productivity bonuses.

The strike's first effects on the West Midlands components industry are likely to be felt at the end of the week. Thompson Industries, a cbassis builder, yesterday said it would have to lay off more than 150 workers at the end of the week because of the strike.

Union leaders believe Mr Grahem Day, the Rover Group cheif executive is determined that no more money should be put on the table to end the strike.

A senior union leader said: "My fear is that in the wake of the Ford strike, the Government will want to use Land Rover as a 'mini-miners' strike, to teach the unions a lesson."

The company's firm line was confirmed by a strongly-worded message printed in last night's Birminghsm Evening Maii newspaper, from Mr Tony Gilroy, Land Rover's managing director, which said the company's offer "really is our final offer."

"We said it before the trade union ballot. We said it after the trade union ballot. And we are saying it now when the workforce is on strike," he said. "Our position will not change."

The unions say Land Rover's offer is worth only 8 per cent excluding consolidation of productivity bonuses.

Elsewhere, unions and management at Renault trucks were in talks last night in an attempt to avert a strike from tomorrow.

The prospect of industrial action at Vauxhall Motors and other General Motors subsidiaries remained after talks yesterday over changes to the pension scheme.

Unemployment falls to lowest level for 4 years

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE NUMBER of people out of work in the UK for more than a year fell by 234,000 in the 12 months to January to stand at 1.1m, it lowest level for four years, the Department of Employment said yesterday.

The downward trend accelerated throughout the year with the fall in the three months to the middle of January put at 72,000. Longer-term unemployment – those out of work for six months or more – also declined sharply, showing a fall of 365,000 over the year to 1.6m.

Mr Norman Fowler, the UK Employment Secretary, said that the falls in the total reflected the fact that many of the long-term unemployed were now taking advantage of the the increased job opportunities provided by a buoyant economy.

The numbers had declined in all regions of the country with several areas – East Anglie, Wales, the South West, South East and West Midlands reporting falls of 20 per cent or more.

Longer-term unemployment was now falling faster than the overall jobleee total, psrticularly among young people, Mr Fowler said.

There are no official figures, however, detailing the extent to which lower long-term unemployment reflecta increased employment, the expansion of special employment measures such as the Youth Training Scheme, and the impect of tighter benefit rules. Assessments by independent economists at the National Institute of Economic and Social Research suggest that a large part of the fall may be due to the new benefit rules.

Mr Michael Meacher, opposition Labour's spokesman on employment, said yesterday that the figures showed that there was a "lost generation" of people who had been without work for more than five years.The number of people in this position rose from 227,000 in 1986 to 272,000 in 1987.

Amid cries of crisis from Britain's hospitals, three experts give their differing views of the current turmoil

Treating the symptoms of mass hysteria

AMONG politicians of all parties, the media and the professions concerned, there is a consensus that the National Health Service is on the rocks. Only the Government appears to dissent from the diagnosis of terminal decline and even it seems to be hunting for a magic bullet.

But what is new and different about the present crisis? There has never been a time in the 40-year history of the NHS when it has not been short of cash. No sooner had Aneurin Bevan launched it in 1948 than he had to go cap in hand to the Cabinet for more money, a process repeated every year since then. Equally, there has never been a time when NHS employees have not protested about its inadequacies. As Enoch Powell pointed out 20 years ago, those working in the NHS have a vested interest in denigrating it in order to advertise their case for more money.

The theme, therefore, is an old one. But it is now being presented as high tragedy. One reason for this might be that the NHS is indeed facing a more serious financial challenge than ever before. But first let us consider some other possible explanations. In particular, the possibility that much of the sense of crisis may be self-induced: a case of mass hysteria.

Everything happening in the NHS is immediately interpreted as the symptom of a cash crisis. Every player on stage, doctors, nurses and all the rest, plays up to the audience. The audience joins in. Newspapers and broadcasters seize on the drama and, by so doing, excite both actors and audience to new frenzies in the pantomime. The real problems of *some* of the NHS's 192 districts are generalised into a national crisis.

There are three stock scenarios used to indicate crisis. First, there is the case of closed beds, which are immediately and uncritically taken as evidence that the NHS is starved of resources. But the NHS has been doing this for 40 years, as have health services the world over. Progress in medicine has made it unnecessary to have so many beds: the best thing is to keep patients out of the dangerous hospital environment. Closing beds cannot be automatically equated with cutting services.

Second, there are waiting lists. Heart-rending stories about critically-ill patients waiting for operations are presumed to reflect the inadequacies of NHS financing. But, equally, they can reflect the inability of local management to shift resources into priority areas or to change the working practices of consultants. There is also evidence (provided by John Yates of Birmingham University and others) of under-used operating theatres, cancelled operating sessions and absent surgeons even in prosperous times, meaning that existing resources are being wasted.

Third, there are the missing nurses. The media stories are about wards that are being closed or operations that cannot be carried out because of the lack of nurses. Again, there is an automatic presumption that a national pay award would cure a national shortage of nurses. However, information about the way in which nurses work in different parts of the country is revealing. To quote the latest Health Advisory Service report, in Wolverhampton there is a four to four-and-a-half hour hand-over period between the morning and afternoon nursing shifts on some wards. This means one-and-a-half people are paid for every nurse required on duty. Unless we take factors such as this (and patterns of absenteeism wastage) into account, we should not rush to conclude that there is a national crisis.

All this is not to argue that everything is well in the NHS. But it is a strong argument against indiscriminate knee-jerk reactions: the hysterical and automatic cry of "more money" whenever some problem surfaces. What we need to do is to unpick the so-called national crisis.

Much of the present malaise and low morale within the NHS has little to do with money and everything to do with changing status and power. The introduction of general management has, inevitably and rightly, changed the rules of the game. The nursing hierarchy bitterly resents the diminution of its professional prestige. Consultants feel threatened, as, for the first time ever, managements start to look at the work they do for the district service. Life is clearly getting tougher for everyone in the NHS.

The picture is further exaggerated by stories of crisis in London hospitals. Most of these stories do not make it clear that London has always been relatively over-provided with hospital beds and staff. Unlike the rest of the country, it has therefore suffered actual cuts under the 1976 Resource Allocation Working Party formula which was designed to produce a more equitable national distribution. London is also different in that public services there are more down-at-heel than elsewhere because of the local labour market. Finally London provides high-technology care for patients drawn from all over the country: in one district 70 per cent of the patients are imported. Thus there may be a case for a temporary infusion of funds, to cover the transitional costs of getting rid of London's excess of beds and consultants, particularly in teaching hospitals, but that is very different from calling for a general increase in the NHS budget or national pay levels.

Indeed most of the present advocacy of extra spending risks detracting from the real problems of the NHS. This is why we have ignored the battle of statistics, where no amount of juggling will ever settle the argument. There can be no formula for defining the adequacy of NHS funding: the much quoted 2 per cent annual increase, the basis of all the estimates of the deficiency in funding, is simply the invention of ingenious DHSS civil servants anxious to present a case to the Treasury.

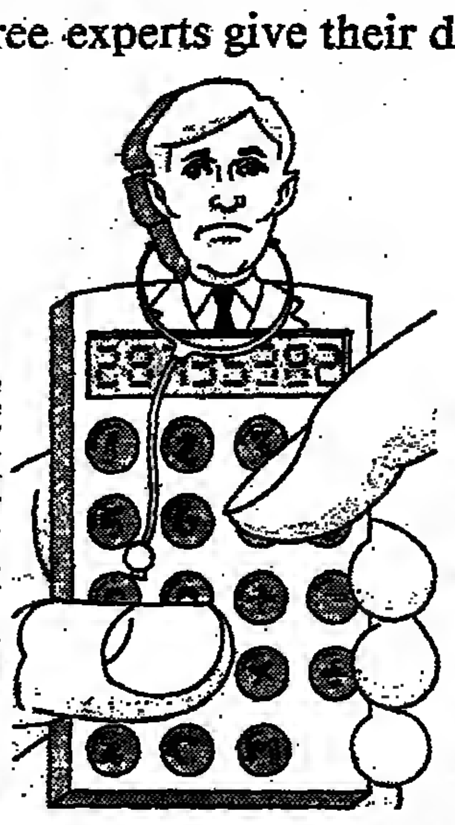
The important thing now is to get away from hysteria about the national plight of the NHS. The way in which extra money is put in is perhaps more important than the sum involved. Simply to inject extra millions, whether raised through taxation or by ingenious wheezes designed to get more private funds, is to shore up the status quo which we should be changing.

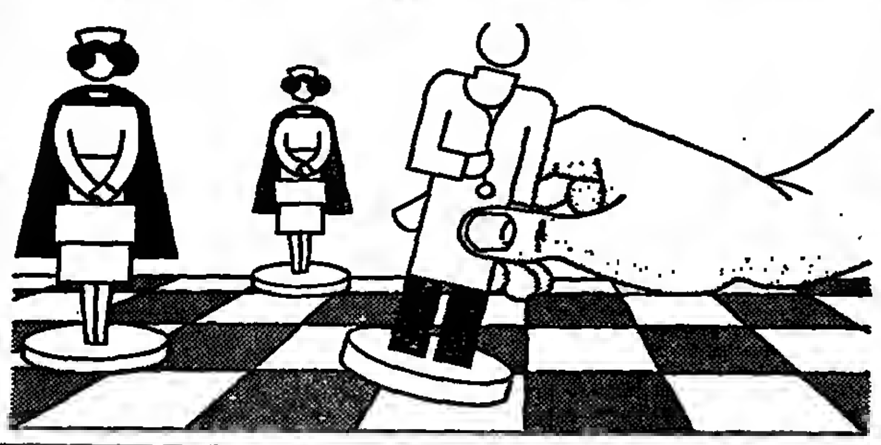
We therefore end with two suggestions. First, health districts presenting themselves as bankrupt should be rescued only after an external professional and financial audit to find out how far their problems are self-inflicted. Second, any extra money channelled into the NHS should not be an across-the-board increase but should be used to bring about better service provision as distinct from shoring up an ancient monument.

Over the next decade or so, health care will move towards a more diverse model, as we design different organisational solutions to different problems in different parts of the country. Only when we have the structure and organisation right, can we be clearer about how much extra money we need – and about how we should raise it.

Patricia Day
Rudolf Klein

Patricia Day and Rudolf Klein are, respectively, Senior Research Officer and Director of the Centre for the Analysis of Social Policy at the University of Bath.





Fumbling around behind the figures

A NUMBER of mysteries surround the Prime Minister's frequent parliamentary repetitions of statistics about the National Health Service. They do not even impress many of her own backbenchers. There is a whiff of Yes Minister about the whole business.

If Sir Humphrey Appleby – Yes Minister's Cabinet Secretary – had given the Prime Minister her controversial statistics, would she have accepted them so uncritically? Or would she have set about discovering why Sir Humphrey's sums did not add up?

It now seems that the allowances made by the DHSS number-crunchers seriously underestimated the gaps between workloads and resources. There are three factors which help to explain why the allowances for demographic changes, technological advances and raised expectations are inadequate.

The first is a change to the employment contracts of hospital consultants which has imperceptibly sapped NHS resources. Whereas in the early years of the NHS, consultants tended to be appointed as part-timers, for some years there has been a steady trend towards more full-timers. Then, at a stroke in 1980, full-time NHS consultants were officially allowed to carry out private practice up to an income equal to 10 per cent of their salaries.

This was exceedingly bad news for local management's dealings with those consultants who persistently short-change the NHS. For one thing, a minority of consultants is notorious for requiring payment for private practice in cash so that checking such earnings is impossible. Furthermore, health authorities do not have the clout or the staff to check the 10 per cent limit carefully.

An example from personal experience is the gynaecologist at a London teaching hospital who leaves his car outside the general manager's office while he disappears to Harley Street on the tube. Another is the consultant anaesthetist told a friend: "This is quite a week: I have actually seen a consultant surgeon this morning!"

Imagine the difficulty of keeping track of rogue consultants if Mr John Moore goes ahead with his idea of building private wings all over NHS hospitals. The new wings would not come with their own doctors – the commercial medical staffing would be overwhelmingly provided by NHS consultants.

The second factor underlying the inadequacy of DHSS estimates is socio-economic stress. A wealth of international evidence shows that stresses such as impending redundancy or unemployment damage health. For example, Professor John Fox and his colleagues at City University have followed up a group of men who were seeking work. The unemployed men had death rates some 20 per cent higher than a carefully matched group of men who had jobs. The same order of increased mortality affected the wives of the unemployed. From studies in general practice we know that children in such families also experience more sickness.

As well as recent sharp increases in British unemployment and poverty (particularly between 1980-1983) there has been a serious deterioration in housing and an increase in homelessness which today affects about 10m people. Infant mortality is generally accepted as one indicator of a population's conditions of living. The Office of Population Censuses and Surveys has recently reported "the first increase in the infant mortality rate (in England and Wales) since 1970."

The point is that this burden of extra and earlier illness, accidents and death affects the NHS as well as the victims.

The last factor is the confusion created in NHS management by repeated reorganisations. In 1971, Sir Keith Joseph introduced plans for the first NHS reorganisation, saying "their basic difference from earlier proposals is the emphasis they place on effective management." In 1983 Mr Norman Fowler commissioned another management inquiry led by Mr (now Sir) Roy Griffiths, the managing director of Sainsbury's, "to secure the most effective use and management of NHS manpower and related resources." He is currently conducting a management study of community care, indicating again that the earlier changes are now judged to be unsatisfactory – or that Secretaries of State are getting like the small boy who kept digging up his seedlings to see whether they were growing.

In fact, the administrative overheads of the NHS have been outstandingly low for years, around 5-6 per cent of the budget. In the US, with the vastly greater bureaucracies of health insurance, the overheads are four times as big, to take a recent conservative estimate. The charge that the NHS is a "bureaucratic monster" in comparison with insurance-based systems is nonsense.

To this appalling record of disorganisation should be added some insight into what the Treasury and ministers mean by "efficiency". As they use the term it ignores the results of treatment – whether a patient leaves hospital jogging, on a stretcher, or dead – and focuses on data such as how quickly the staff fill and empty beds, how many operations they do, and how their performance on these criteria compares with that of other hospitals. Since variation is condemned rather than investigated properly, the implicit goal is bureaucratic conformity to the highest "throughput" with least cost.

It is as though the propensity to preach about Management and Efficiency in the NHS is inversely related to the ability to deliver them.

Peter Draper

The author is Emeritus Consultant in Community Medicine to Guy's Hospital.

Where teenagers see the best career chances

BY MICHAEL DIXON

SOME of the Jobs column's best friends are accountants. Even so, it cannot claim to be entirely overjoyed by one of the developments revealed by the table alongside: to wit, that more British youngsters now want to take a university degree in accountancy than in physics.

The table shows the subjects most in demand over the past four years by British applicants for undergraduate courses in United Kingdom universities. It certainly rebuts the oft repeated charge that UK schools hamper the country's economy by conditioning bright scholars to take degrees in abstract academic subjects rather than topics relevant to making a living.

As can be seen, the most popular essentially academic subject – English – today stands no higher than fourth in the ranking. It has just been pushed down from third place by the rise of management studies to join the longer pedigreed professional pursuits of law and medicine at the top of the poll.

While management's ascent is spectacular, the number of candidates naming it as their first choice fell in 1986 before rebounding to a new record height. By comparison the rise of accountancy is steadier. An unbroken increase in demand over the four years covered by my figures has taken it from 22nd to 14th in the popularity ranking with 55 per cent more first-choice applications than it had in 1984.

There are other signs, too, of a growing preference among the UK's diminishing teenage population for degree-level learning which is viewed as conducive to earning. Pharmacy is in still greater demand than accountancy, for instance. Pure mathematics has fallen behind computer studies courses which, oddly enough, were far less popular in former times when they were known by the less trendy title of "applied maths".

All the same, there are several ways in which today's demand is surely out of line with the national interest, accountancy's rise over physics being an example. My misgiving about it, by the way, does not stem from belief that physicists are more important than accountants. The reason is just that the UK is already well off for accountancy skills, and becoming more so every year.

It is blessed with nearly 150,000 qualified members of the six main institutes – three for chartered accountants in England and Wales, Scotland, and Ireland, plus the certified, management, and public-sector bodies. In addition professional accounting firms alone are recruiting well over 4,500 new graduates a year, of whom at most one in eight have a degree specifically in accountancy. So graduates in topics like physics readily convert themselves into accountants after ending their full-time studies.

The trouble is not only that the conversion process rarely if ever works the other way round, but that Britain has severe shortages of physicists particularly in the secondary schools. Moreover, since the child population is rising again as teenagers are diminishing, schools will need to recruit an increased share of the graduate output for years to come.

A further problem with the pattern of demand is that, whereas the only two subjects besides accountancy with steady gains since 1984 are psychology and sociology, the position in engineering has been at best patchy. The general and civil varieties have consistently declined. The mechanical branch has been up and down. Electronic engineering, after a boost in 1985, has dwindled.

Of course, it is not inevitable that the adverse trends will persist. For one thing, the demand pattern may be much different in polytechnics, for which no comparable figures are available. But I doubt it.

Another hope of correction lies in the fact that in some of the newly popular subjects the supply of student places has lagged behind the increased demand. Hence, as is shown by the second column of figures under each year in the table, the percentage of applicants admitted is far lower in some topics than in others. Pupils whose prime aim is a university place regardless of subject studied, may well look at the different statistical chances of acceptance and tailor the rest of their schooling accordingly.

But it seems unlikely that such market forces will be a sufficient cure – particularly in engineering, which in the UK is badly paid compared with work in finance especially. Perhaps, if demand for engineering courses goes on falling, the pay position will finally be reversed by sheer shortage of engineers. But as it takes a long education and training to produce them, by that time Britain's industrial prospects might well be in long-term jeopardy.

"Home" demand for UK university undergraduate courses in the 20 most popular subjects

Ranking	Subject	1987 No. of candidates	1987 % accepted	1986 No. of candidates	1986 % accepted	1985 No. of candidates	1985 % accepted	1984 No. of candidates	1984 % accepted
1	Law	8,695	38.3	9,061	37.8	8,834	38.6	8,501	37.3
2	Medicine	7,955	47.8	8,249	46.6	6,442	46.3	8,763	42.8
3	Management studies	6,040	28.6	5,477	28.0	5,532	28.5	4,442	25.1
4	English	5,371	50.0	5,840	46.5	6,304	44.4	6,465	42.7
5	History	4,734	63.8	4,575	64.8	4,677	63.9	5,003	58.0
6	Economics	4,733	47.8	4,324	50.1	4,207	49.3	4,414	48.0
7	Psychology*	4,610	39.2	4,010	41.5	3,872	39.6	3,627	39.8
8	Geography*	4,060	52.8	4,054	54.3	4,343	48.4	4,683	43.1
9	Computer studies	3,486	53.1	3,237	48.0	3,667	41.2	3,726	34.6
10	Mathematics	3,238	81.8	3,100	79.3	3,677	74.0	4,115	67.4
11	Biology	2,883	65.5	2,882	61.3	3,305	55.6	3,641	50.9
12	Chemistry	2,753	90.2	2,700	86.8	2,804	85.4	3,040	80.7
13	Pharmacy	2,679	26.3	2,640	25.8	2,987	23.2	2,832	22.0
14	Accountancy	2,658	30.2	2,541	31.3	2,057	30.2	1,717	26.3
15	Physics	2,628	90.0	2,716	86.3	3,016	84.4	3,260	78.7
16	Mechanical engineering	2,493	66.9	2,716	63.6	2,650	60.4	2,886	51.9
17	Electronic engineering	2,492	64.4	2,687	60.2	3,155	53.5	2,666	50.8
18	Sociology	2,019	52.0	1,609	47.7	1,527	48.1	1,489	53.2
19	General engineering	1,964	56.7	1,998	53.6	2,089	51.4	2,251	48.8
20	Civil engineering	1,766	66.3	2,065	62.8	2,295	54.6	2,378	52.8
	All undergraduate courses	152,520	51.4	152,588	50.4	157,085	48.5	156,488	45.9

*Includes both scientific and social branches of subject.

Property

RECRUITER Charles Vallee of the Deloitte, Haskins and Sells consultancy is seeking a professional manager for a 30-staff division of a privately owned, London-based property company led by a brace of entrepreneurs. Since he must keep his clients anonymous, he promises to respect applicants' requests not to be named to the employers at this stage.

The new divisional managing director's prime responsibility will be to bridge the gap between the business-getting leaders and professional staff such as surveyors, ensuring that opportunities which have been identified are turned into profitable facts. Candidates should already be successful managers in a comparable field.

The pay indicator is £100,000. Perks include a car. Inquiries to PO Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL; telephone 01-248 3913.

CJA RECRUITMENT CONSULTANTS GROUP
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Tel: 01-588 3588 OR 01-588 3576
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Excellent career move – opportunity to join a fast-expanding team.

ASSISTANT DIRECTOR – CORPORATE FINANCE

LONDON EC3 — £45,000-£60,000 + BONUS

MAJOR INTERNATIONAL MERCHANT BANKING GROUP

This additional appointment reflects the rapid growth in U.K. corporate finance business being generated by this strong team and will be attractive to ambitious executives seeking career progression and the opportunity to be more visible within this expanding environment. The international strength of the group provides an additional variety of work. There is full autonomy and the successful applicant will be expected to take control of transactions at all stages. Applicants should be professionally qualified, with 4-6 years relevant experience in corporate finance and a demonstrable record of initiating, structuring and closing deals. Initial remuneration is negotiable in relation to age and experience, in the range £45,000-£60,000 + bonus, car and bank benefits. Candidates wishing an initial confidential discussion please telephone 01-638 0680 or evenings 01-828 2891. Applications in strict confidence under reference ADCF4578/FT, to the Managing Director: CJA.
Excellent opportunities also exist at Manager level, for candidates with c.2 years' experience.

Scope for Directorship within 12 months.

NEW ISSUES MANAGER

S. W. LONDON — ATTRACTIVE SALARY + CAR BONUS & MORTGAGE SUBSIDY

LEADING AND EXPANDING REGISTRARS – SUBSIDIARY OF MAJOR BRITISH MERCHANT BANK

As a result of the retirement of the present Manager the opportunity has arisen to join the senior management team of this expanding organisation. We invite applications from candidates with 5 years' practical and management experience in the New Issues department of a registrars or bank, corporate finance departments of merchant banks or stockbrokers, or in an active Company Secretary's department. Responsibilities include planning, advising clients or their advisers and control of operational areas, ensuring accurate and timely recording of documents of title, cash etc. for the broad range of special operations (takeovers and mergers, placings, rights issues, scrip dividends, etc.). An attractive salary is negotiable according to experience + car, bonus, subsidised mortgage, non-contributory pension, free life assurance, family BUPA. Applications in strict confidence under reference NIM4580/FT, to the Managing Director: CJA.

An interesting appointment with wide-ranging responsibilities.

NEW ISSUES OFFICER

S. W. LONDON — £15,000-£20,000 + BONUS & MORTGAGE SUBSIDY

LEADING AND EXPANDING REGISTRARS – SUBSIDIARY OF MAJOR BRITISH MERCHANT BANK

For this same client we invite applications from candidates with a minimum of 3 years' experience in the New Issues department of a registrars or bank, corporate finance departments of merchant banks or stockbrokers or in an active Company Secretary's department. This experience must include advising client companies and their advisers on the practical aspects and on the most effective way of handling special operations, as well as knowledge of the requirements of the *Companies Acts* and Stock Exchange Regulations. Initial remuneration is negotiable £15,000-£20,000 plus bonus, subsidised mortgage, non-contributory pension, free life assurance, family BUPA. Applications in strict confidence under reference NIO324/FT, to the Managing Director: ACP

CAMPBELL-JOHNSTON RECRUITMENT ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED.
3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.
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PRUDENTIAL HOLBORN

HEAD OF UNIT TRUST ADMINISTRATION

Exceptional salary + bonus + benefits. Ilford

Prudential Holborn, a major business within one of the world's largest financial services groups which provides products targetted at "high net worth" individuals, is seeking a Divisional Director-Unit Trust Administration. As a Unit Trust professional you will, no doubt, be aware of the company's growth in this sector, resulting in over ¼ million individual customers and over £1 billion of funds under management.

Reporting to a main board Director in Central London, you will be one of 5 senior managers at the Ilford location. Leading an expanding department of 70+ staff, you will have significant responsibilities encompassing all aspects of Administration. This will include registrations (sales, repurchases and probate), registration audit and dealing administration – all to the very highest standards, as the company is committed to industry-leading practices.

The need is for a Manager with significant "hands-on" experience of Unit Trust Administration, including registration, and ideally familiar with CUTAS. You must be capable of exploiting the potential of a dedicated in-house computer facility. Experience of product launches is vital, as is the proven ability to manage distributions.

To reflect the importance of this position, we offer a very attractive salary which will be of interest to those currently earning a salary in excess of £30,000 p.a. In addition, the package includes a company car, and the full range of valuable financial sector benefits.

If you are a Unit Trust Administration Professional and can rise to the challenge of joining a market leader, then telephone for an initial confidential discussion, or write with a comprehensive C.V. to: Ken Richmond, Personnel Manager, Prudential Holborn Limited, 30 Old Burlington Street, London W1X 1LB. Tel: 01-439 3134.

UK MARKETING

RELATIONSHIP MANAGER £35,000 +

As a leader in its specialist sector, our client bank enjoys a high profile both internationally and in the UK corporate market. As part of an ambitious strategy they now wish to appoint a senior banker to a business development role with primary responsibility for relationship management in the UK. If you have several years' marketing experience in international (probably US) banking, and are already a "name" in the UK corporate market, this role will offer you considerable challenge and scope for personal and professional development within a progressive financial institution.

Contact: Loretta Quigley

FINANCIAL INSTITUTIONS to £32,000 + Benefits

Our client is a leading American bank whose strengths lie in commercial banking. They are seeking to appoint an ambitious young banker to the Financial Institutions team to build on existing business and maximise their share of a growing market. This is an opportunity to be involved with all areas of this particular market, from targeting potential clients, through product development to contributing to the final profitability of the division. In return for your commitment and contribution there is an excellent salary, a generous benefits package and the opportunity to influence the bank's growth in this sector.

Contact: Jocelyn Bolton

CORPORATE MARKETING £23-£25,000

If you are a graduate with two to three years' banking experience including formal credit training, this is an excellent opportunity to further your career within a prestigious Japanese bank. As part of a small professional team, your principal responsibilities will include developing and maintaining existing relationships with UK middle market companies (below the top 200). The services offered include a broad and sophisticated range of both commercial and capital market products. This is an opportunity to expand your product knowledge and UK marketing experience with a major bank offering secure long-term prospects.

Contact: Anita Harris

In the first instance please telephone 01-606 1706 or write to Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists — Anderson, Squires

HEAD OF INSTITUTIONAL SALES

London based . . .

Our client is the London branch of a triple-A rated German bank, with activities ranging from commercial lending to international corporate finance. To take full advantage of its high profile in the German and UK capital markets it now seeks a highly qualified professional to build up a bond sales team.

Aged 30-40, you have first hand experience of the German bond market and a successful track record marketing to UK institutional clients. Managing the bank's bond trading activities in the absence of the departmental head, your past experience will of necessity include several years in this field, preferably in London. You speak fluent German, are creative, self-assured and have good communicative skills.

This is an ideal opportunity for someone interested in combining marketing skills with managerial responsibilities and the remuneration package will fully reflect the importance of this role.

In the first instance, please contact either Laila Rafique in London, or our representatives in Frankfurt . . .

IN LONDON:
Laila Rafique, Director
Anderson, Squires International
127 Cheapside
London EC2V 6BU
Tel: 01-606 1706

IN FRANKFURT:
Heidrun Elsaesser or Angelika Brand
Anderson, Squires International
Goethestrasse 20, 6000 Frankfurt 1
West Germany
Tel: (069) 29 90 04 29

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Senior Credit Analyst

A challenging professional credit opportunity

c£35,000 + car + benefits

Our client is one of the world's foremost credit rating organisations, specialising in the assessment and rating of fixed-income securities issued in the international markets.

As a result of the explosive growth in these markets, an exciting opportunity has now arisen for an experienced credit person to make a major contribution to the development of the company's UK and European business. Working closely with analysts in London and New York, the person appointed will be responsible for analysing, assessing and monitoring the quality of fixed-income securities issued by UK and European companies and institutions. Frequent visits to senior management throughout Europe will be required.

The person sought will have had wide experience of the credit assessment of major UK and European companies gained in a bank or securities firm, and will have a keen interest in this type of work. Fluency in European languages would be of great value.

A salary of c£35,000 will be supplemented by an attractive benefits package, including a car.

If you would like to consider this position please write – in confidence – enclosing a CV to Douglas Austin, ref. B.7030.

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Well, here is a first-rate opportunity to join the investment management company of one of the world's major corporate banks. If your application is successful you will join a small, élite team within our Securities Trading Department where you can develop your skills in International *Trading* in a newly-equipped, high-quality trading room.

The starting salary will reflect the importance we attach to this position, and the 'large bank' benefits include mortgage subsidy facilities, profit-sharing bonus, non-contributory pension and life assurance schemes, free medical insurance and a subsidised restaurant.

Please send your complete c.v. to Mary Thom, Personnel Manager, J.P. Morgan Investment Management Inc., 83 Pall Mall, London SW1Y 5ES.

J.P. Morgan Investment

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Douglas Deakin Young, independent financial advisors, are retained by over 50 major U.K. Companies. We provide individual financial counselling for staff at all levels and give corporate advice on a wide range of tax, pension and employee benefit problems.

We are currently seeking to recruit another person to join our highly professional consultancy team.

Candidates will have a background of pensions, personnel, tax, investment or related areas. They will be in their late 20's and may already have previous experience in financial planning.

An attractive remuneration package, including a company car, is offered and applicants should apply in strictest confidence, enclosing their c.v. to:-

Louise Botting, Managing Director,
Douglas Deakin Young Ltd,
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Call Ros Hurley on 01 404 4588 or send brief career details to her at
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We are an equal opportunities Group. Applications are welcome regardless sex, marital status, ethnic origin or disability.

POSITION SOUGHT - U.S.A.

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English Chartered Accountant and qualified C.P.A., aged 34 and single, currently employed in the U.S.A. as President of a British owned diversified corporation now liquidating it's investments in food service, real estate and oil and gas.
Four years extensive experience in all aspects of U.S. business including management, business practices, negotiations, acquisitions, divestment, financial planning and control.
Position sought as an employee or consultant with any progressive organisation able to offer career opportunity.

Write to Box A0832, Financial Times, 10 Cannon Street, London EC4P 4BY

INTERNATIONAL APPOINTMENTS
APPEAR ON PAGE 29

dti

the department for Enterprise

Regional Industrial Adviser

Salary: £34,000 — DTI North East

This post, initially for a three year term, is to advise the Regional Director of the Department of Trade and Industry in the North East, based in Newcastle upon Tyne. The postholder will contribute to the Regional Office role in the formulation and delivery of DTI policies, schemes and services; this role has increased considerably in importance under the recently launched Enterprise Initiative. Within this, with particular emphasis on collaboration and technology transfer, tasks include promoting the broadening of a technological base of North East industry; encouraging co-operation within industrial sectors; helping the joint work of the universities and polytechnics; and promoting the education/industry interface at all levels. The Adviser contributes to the Regional Office Senior Management Team.

Ideally aged 40-55; Board level experience in significant private sector companies is desirable and previous experience of working both with Government Departments and with institutions like the CBI would be helpful. Previous experience could usefully have been gained both within and outside the Region and should have included financial management, marketing and the application of new technology. An ability to work by persuasion and co-ordination is essential both within the Regional Office and with regional agencies, institutions and companies.

Applications including a full CV should be sent to Mr M Hodson, Department of Trade and Industry, Personnel Management Division, 5th Floor West, Allington Towers, 19 Allington Street, London SW1E 5EB. The Civil Service is an equal opportunities employer.

The closing date for receipt of applications is 31st March 1988.

the enterprise initiative

IPS

FINANCIAL FUTURES DEALER — c£30,000 + BANK BENS

European Bank wishing to enlarge their dealing room with the addition of a Financial Futures Dealer. Must have two years experience trading financial futures and be familiar with hedging techniques and long term debt market. C5724

MARKETING - U.K. CORPORATES — c£30,000

An International Finance House is looking for an individual experienced in marketing banking products, including forex, to medium/large U.K. Corporates. C5727

EUROPEAN EQUITY SALES/RESEARCH — £ NEG

A number of prestigious City institutions are looking for Equity Salesmen experienced in marketing to European Institutional clients and/or selling European equities to London. There is a similar requirement for European Equity Analysts. Salaries are negotiable according to experience. C5707

F/X DEALER — £ NEG

Several Banks urgently need F/X Dealers to boost existing teams. Preferably with a minimum of two years experience, ideally in major currencies. FRA experience would be an advantage. C5728

CREDIT ANALYST — c£15,000 + BANK BENS

European Bank and Merchant Bank seeking Credit Analysts. Preferably candidates who have come up through the clearing bank system with two years experience. C5726

TREVOR JAMES CITY

62-64 Moorgate London EC2R 6EL

Tel: 01-920 9512

PORTFOLIO MANAGERS

Japanese and Pacific Basin Equities

European Equities

PosTel Investment Management Limited is the investment manager for the British Telecom and Post Office Staff Superannuation Schemes with assets totalling some £14 billion.

We are seeking to strengthen our small overseas team by recruiting two Portfolio Managers, one responsible for the Japanese and Pacific Basin markets and the other for European markets.

EUROPE

The Portfolio Manager will be responsible initially for a small in-house portfolio which is expected to offer challenging potential.

FAR EAST

The Portfolio Manager will be responsible for an in-house portfolio of £240 million. He/she will be assisted by an analyst/dealer. Knowledge of the Australian market would be an advantage.

Both these appointments will have a high degree of investment discretion and involve some travel abroad.

The successful candidates will have a minimum of 5 years experience in their particular markets and be seeking a career move to a stimulating environment where personal and professional development is encouraged. Competitive salaries are offered plus company benefits which include a company car, mortgage subsidy, five weeks holiday, loan and bonus scheme.

Please apply with full career and personal details to:

PosTel Investment Management Ltd

Sheena Gibson, Personnel Manager, PosTel Investment Management Limited, Equitable House, 48 King William Street, London EC4R 9DD.

FIRST CAREER MOVE?

- Rewarding career moves are still possible for those with a good degree and interesting experience in stockbroking and banking.
- Our clients, who are all blue chip names in the City, are still seeking high calibre people who can achieve in the toughest markets.
- Would you like the opportunity to meet two City recruitment specialists for one hour to discuss your next move? (There are no costs involved and meetings are without obligation to proceed further if that is your choice.)
- All replies will be treated with the utmost confidentiality.

If you are interested please telephone **John Lord on 01-977 8105** or **David Jones on 0444 452209** or send C.V. to:

The City Resourcing Partnership
26 Bishopsgate
London EC2M

BANK IN LIECHTENSTEIN (UK) LIMITED

We are the London based operating company of the privately owned Bank in Liechtenstein AG Vaduz. We are expanding our activities in asset management for private clients and institutions and enlarging our trading activities. We now wish to recruit a senior professional to head our small, efficient dealing team as

RISK MANAGER

He/She will report directly to the Chief Executive and be responsible for all risks of the bank relating to Securities, Foreign Exchange and Money Markets.

The successful applicant will be familiar with the capital markets and have a sound knowledge of foreign exchange, cash and future markets. The applicant should be able by his/her profound understanding of the underlying elements of risk to monitor exposure and most importantly be able to lead a team.

If you have the experience and authority to accept this challenge within a small, private banking environment, please write – in strictest confidence – to:

Mr. R.J. Schmoelz, Chief Executive Officer
Bank in Liechtenstein (UK) Limited
1 Devonshire Square
London EC2M 4UJ

DIRECTOR

of the

SCHOOL OF BUSINESS AND MANAGEMENT

The new School has been established to develop the range of business and management courses and consultancies offered by the Polytechnic, and to enhance its research standing in this field.

The post presents an exciting opportunity for a candidate with imagination and drive, and who is committed to an innovative approach to business and management, education and training. Applicants should possess experience at a senior level, either in education or in industry and commerce. The title of Professor may be conferred on the new Director.

Salary scale: £26,925 - £29,379 inclusive, as from 1 July '88.

For further details and an application form, please contact the Polytechnic Personnel Office, Romford Road, London E15 4LZ. Tel: 01-590 7722 ext. 4095 (quoting ref. 1AA/88). Closing date 2 weeks from publication.

NELP

NORTH EAST LONDON POLYTECHNIC

DIRECTOR - PROPERTY FINANCE

WEST END — £40,000 +

NYCKELN FINANCE COMPANY LIMITED is the recently established U.K subsidiary of NYCKELN HOLDING AB - one of Sweden's largest finance companies.

As part of a planned expansion programme, we now wish to recruit a professional banker with entrepreneurial ability who will take responsibility for the further growth of an existing property portfolio.

Applicants (aged c.30-35) should be able to demonstrate a successful track-record over several years in property lending (residential, commercial and development financing) in London and the Home Counties, preferably also with experience of syndications, equity/profit participations or joint ventures. This key position will report to the Managing Director and the attractive compensation package is dependent only on experience and ability.

Please send detailed C.V.'s in confidence to:

Ross W. Tanner, Managing Director,
Nyckeln Finance Company Limited,
27 Hill Street, LONDON W1X 7FB. Tel No: 499 4731

INTERNATIONAL EQUITIES

JAPANESE EQUITY FUND MANAGER c£50,000

A prime UK investment banking institution seeks a Senior Japanese Equity Fund Manager to be based in London. The person sought will have 4 to 5 years' experience managing Japanese equity funds as a senior or semi-senior fund manager. For the right candidate a competitive compensation package reflecting the stature of this appointment will be available.

Please contact Bryan Sales.

EUROPEAN EQUITY SALES/ANALYSTS £Negotiable

Several major clients seek experienced European equity sales personnel and analysts to play a major role in the expansion and development of their presence in this field. In particular, the markets to be covered include French and German speaking Europe, Italy, Spain and Scandinavia. Salary/benefits are negotiable based on background and experience.

Please contact Louise Gore.

UK EQUITY SALES/ANALYSTS £Negotiable

A number of clients wish to meet UK Equity Sales people and analysts. The areas of specific interest include Pharmaceuticals, Property, Engineering and the Oil sector. We would like to meet analysts with 3 years' plus experience and equity sales personnel with a minimum of 2 years' experience within a strong agency broking or market making environment.

Please contact Cindy Brunck.

For further information on these positions, or to discuss your requirements in confidence please telephone 01-929 1212 or write enclosing detailed CV.

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WEST END OFFICE

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THE JOB
The work entails providing professiooal Sales/Consulting services to major international companies and financial institutions in Europe. Consultancy is given at the highest corporate levels in an international environment.

THE QUALIFICATIONS
He/She will have a degree in ecooomics and/or finance or equivalent experience. The candidate will be in his/her late twenties to late thirties and should have gained professional experience io the international currency markets.

EXPERIENCE
The candidate should have worked with a European company/bank for at least two years in an international treasury/finance position and he/she must be a self-starting individnal.

Please address curriculum vitae to
FINTECH (UK) LIMITED
14 High Street. Windsor, Berkshire SL4 1LD - 0753 842022.

BACK-OFFICE MANAGER

Required by new London based traded options market maker. Back-office/settlement and accounting experience in traded options essential. Salary negotiable.

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25 Finsbury Circus, London
EC2M 5NU

MOGHUL CREDIT

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Send full c.v. to:

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57 Grosvenor Street,
London W1X 9DA.

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Juler McCormick West

Business and Communications Strategists are reviewing their personnel requirements for the coming year.

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If you would like the opportunity to be included in our plans then write to

Juler McCormick West
28/29 Southampton Street,
Covent Garden,
London WC2E 7JA.

enclosing a brief C.V.

AT A CAREER CROSSROADS?

Hill Samuel Investment Services is seeking executives, aged 25 to 50 and with experience in industry, commerce or the professions, to become Personal Financial Advisers. All necessary training and support, including office facilities, will be given to enable you to promote the renowned range of Hill Samuel personal and corporate financial products and services. London commuter area.

Contact: Michael Talbot 01-222 4858
Hill Samuel Investment Services
29 Queen Anne's Gate
London SW1 9BQ

WISE SPEKE

MEMBER OF THE STOCK EXCHANGE

The company is one of the leading regional stockbrokers and a subsidiary of Sturge Holdings PLC. It wishes to expand its institutional and research departments by appointing two experienced specialists in the following fields:-

INSTITUTIONAL SALES

An institutional sales person to service the company's UK institutional clients supported by a research team specialising mainly in the capital goods sectors.

The applicant should have a good record of equity selling and be able to demonstrate qualities of initiative and independent thinking. The preferred location would be the Newcastle Head Office but by arrangement could be based in the company's London Office.

Remuneration is negotiable up to £35,000 and will include a car, executive benefits and full relocation expenses.

INVESTMENT ANALYST

The applicant will join a team covering a wide range of companies, mainly in the capital goods sectors with some emphasis on medium to smaller companies. He/She should have at least two years experience and be able to show a combination of thoroughness and flair, with good communication skills.

The location will be in the Newcastle Head Office. Remuneration is negotiable up to £30,000 and will include a car, executive benefits and full relocation expenses.

If you are interested in either of these positions please write with a C.V. to Peter Cooper, Research Director, Wise Speke Ltd, Commercial Union House, 39 Pilgrim Street, Newcastle upon Tyne NE1 6RQ

RETIRED CITY PROFESSIONAL

We are a well established firm of Specialist Finance (Commercial and Consumer) Consultants. As part of our ambidous and successful expansion programme we are oow seeking a City Professional to offer us advice and assistance to develop our Corporate Finance Division, to develop and establish contacts to Lending Institutions and to offer our Directors general professional advice and assistance.

The positioo will suit a retired professional who after a successful career in the City, perhaps a Stockbroker or Merchant Banker, would oow prefer to work on a part time basis.

If you are interested please send a detailed C.V. to our Accountant

Mr N A Joseph FCA,
Marlowe House, Hale Road, Wendover, Bucks

DEPUTY GENERAL MANAGER

Required by U.K. I/E Co. in China trade business. Duties include exploring new business, contract negotiations, project handling, accompanying incoming Chinese groups, frequent travelling to China & training new staff. Good connections in China is essential. Knowledge of China's economic & trading policies, experience of contract procedures at national & regional level, able to speak several Chinese dialects with Mandarin essential. Attractive remuneration for right candidate.

Please send CV: 132 Seven Sisters Road, London N7 7NS

MAJOR INTERNATIONAL BROKER SEEKS PARIS- BASED UK EQUITY SALESPERSON

REQUIREMENTS
Minimum 2 years experience with bank,broker or similar institution. Higher education in finance or business administration. Knowledge of European markets. especially equities. Fluency in written and spoken french.

Please send c.v. box A0829. Financial Times,
10 Cannon Street,London EC4P 4BY.

Appointments Wanted

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Expert in Countertrade, exporting, sourcing, third country trade. Multilingual. Seeks interesting position.

Reply Box A0825, Financial Times, 10 Cannon Street, London EC4P 4BY

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Chartered Accountant 39 years, who has been associated with major hotel chains during the last 9 years and has extensive experience in financial, hotel operational, human resources management and hotel development espects, seeks senior corporate or regional management position with hotel/leisure group, based in London. Would be willing to make modest equity contribution, if required, in order to establish long term commitment.

Pls reply c/o Box A0830, Financial Times,
10 Cannon Street, London EC4P 4BY

NEWLY QUALIFIED ACCOUNTANCY APPOINTMENTS

As in the past the Financial Times proposes to publish a list of those candidates who were successful in the recent PII examinations. This list will appear in our issue of Thursday 3rd March under the heading "Newly Qualified Accountancy Appointments". The advertising rate will be £47 per Single Column Centimetre; Special positions are available by arrangement @ £57.00 per SCC.

GUIDE TO RECRUITMENT CONSULTANTS

Entries in the guide will be charged at £70.00, which includes your Company name, address and telephone number. Any additional information will be charged at £12.50 per line.

For further information please contact:
Louise Hunter
Appointments Advertisement Manager
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Company Notices

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EDR holders may now present Coupon No. 7 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt by the Depositary or the Agent of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving the benefit of the reduced withholding rate. Countries currently having such arrangements are as follows:

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Amounts payable in respect of current dividends.

Coupon No. 7 EDR denomination	Gross Dividend	Dividend payable less 15% Japanese withholding tax	Dividend payable less 20% Japanese withholding tax
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Avis de convocation

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Ordre du jour

1. Examen du rapport de gestion du Conseil d'Administration, des comptes annuels, annexe et affectation des résultats.
2. Décharge aux Administrateurs et au Commissaire aux comptes pour l'exercice de leur mandat.
3. Renouvellement du mandat du Commissaire aux comptes.
4. Questions diverses.

Le Conseil d'Administration

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Eating what you like without suffering the penalties is drawing ever nearer to reality. **Clive Cookson** and **Louise Kehoe** report.

A cake to dream about

THE GLUTTON'S dream – a cream cake containing virtually no calories – is coming closer to reality. Recent advances in food technology have produced calorie-free substitutes for fat, flour and sugar, and it should soon be possible to combine them with a drop of artificial flavouring and colour to bake non-fattening cakes, biscuits and bread.

An important goal of research by the international food industry is to reduce the energy content of fattening foods without affecting their taste and appearance. But any radical innovation faces formidsble obstacles from regulatory authorities, backed up by consumer advocates who are concerned about the long-term health effect of changes in diet.

The two fat substitutes announced within the last year in the US – Simplesse by NutraSweet (a Monsanto subsidiary) and Olestra by Procter and Gamble – have both run into regulatory difficulties.

Simplesse is made by a process called microparticulation, in which natural proteins from milk or egg-white are heated until they coagulate and are then formed into tiny round particles. When mixed with water these tiny beads of protein roll easily over each other, creating the same rich and creamy sensation in the mouth as fat. But Simplesse contains only 15 per cent of the calories found in real fat.

Forbidden goodies like ice cream, butter, cheese and creamy salad dressings could be included in a "low cal" diet if they were made with Simplesse, NutraSweet claims.

Because it contains only natural ingredients that are generally considered safe, the company announced Simplesse last month without submitting it to the US Food and Drug Administration (FDA) for approval. NutraSweet hoped to beat competitors to market by bypassing the lengthy FDA regulatory process. That turned out to be a big mistake.

FDA Commissioner Frank Young angrily threatened to seize any products launched with Simplesse. Within hours NutraSweet capitulated and submitted Simplesse for review.

Although nutritionists have no evidence that Simplesse is unsafe, some have expressed concern about the effect it and other fat substitutes could have on people's eating habits. For example, if ice cream contains fewer calories than fruit, will more people choose the less nutritious ice cream and miss out on the vitamins and fibre in fruit? However, the impact of Simplesse on diet will be limited by the fact that it breaks down when heated, so it cannot be cooked.

On the other hand Procter and Gamble's Olestra is heat-stable and therefore has a far wider range of applications. It can be used as a cooking oil for frying and could replace a large proportion of the undesirable saturated fat in processed foods.

Olestra is a synthetic chemical, known technically as a sucrose polyester, manufactured from sugar and edible oils. Because this type of molecule does not occur in nature, our bodies lack the enzymes to digest it. So, when eaten, Olestra passes straight through the body without being digested. It is a genuinely calorie-free food, unlike Simplesse which is merely low-calory.

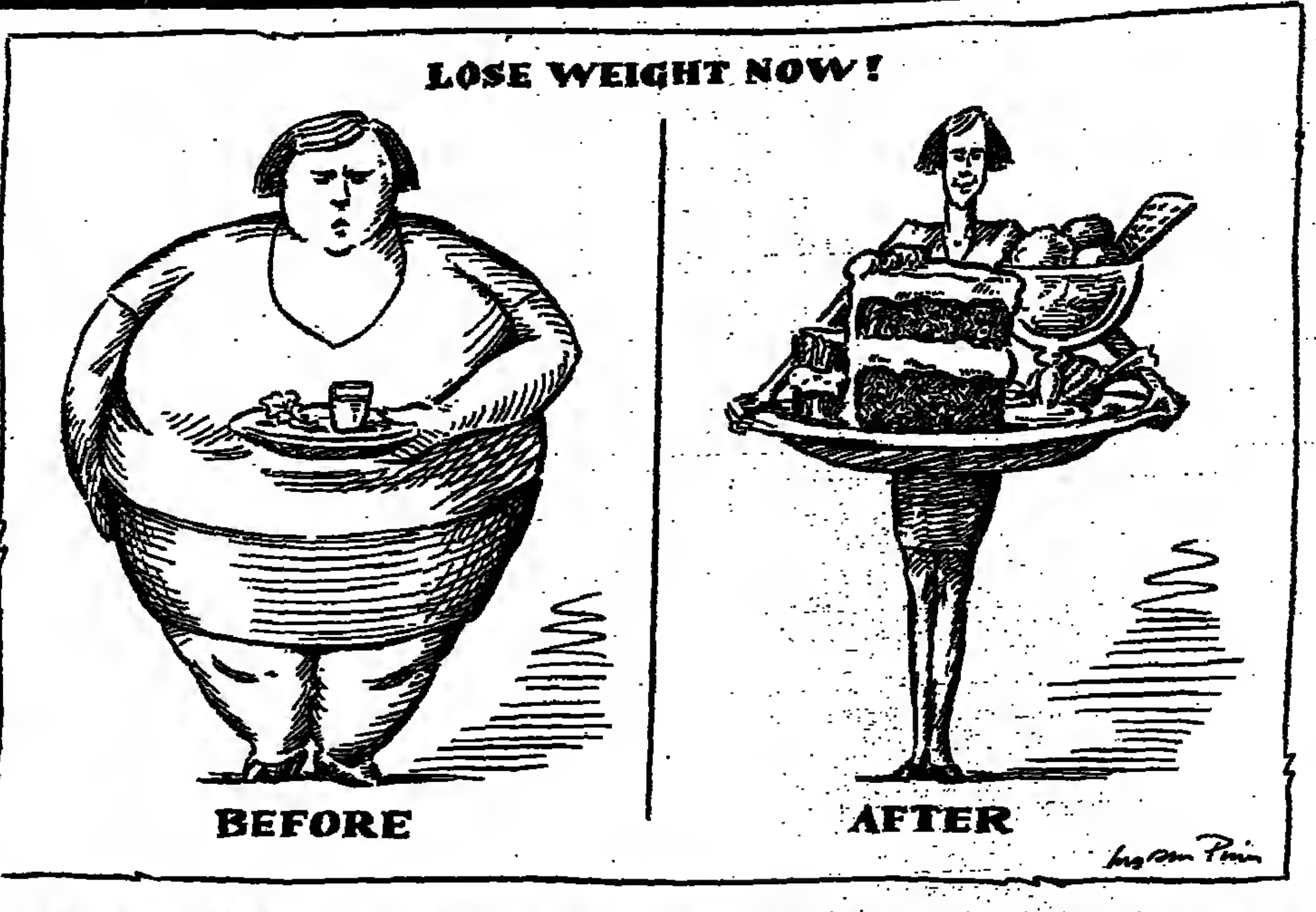
Procter & Gamble petitioned the FDA to approve Olestra as a food additive last May and it has since sought approval in several other countries including Britain. The company says: "Its safety has been confirmed by the results of broadly-based scientific studies spanning 20 years of research."

But some consumer groups, such as the US Center for Science in the Public Interest and the UK London Food Commission, have challenged those studies.

In a letter to Frank Young, Michael Jacobson of the Center for Science in the Public Interest says: "The tests performed on Olestra to date are at best inadequate and more likely indicate that humans consuming the additive would increase their risk of cancer and other health problems."

Jacobson points out that people would eat Olestra in far larger quantities than most other additives. He predicts that Olestra will not win FDA approval for many years, while Simplesse will be on the market "within two years perhaps."

Other food manufacturers are responding with understandable caution. Unilever, the world's largest producer of edible fats, is carrying out long-term health tests with its own sucrose polyester fat substitute, according to the company's spokesman, Michael Haynes.



"There are still uncertainties about the long-term effect of sucrose polyesters on the gastro-intestinal tract," Haynes says. But if Olestra is approved for human consumption, Unilever could launch a similar product of its own.

Meanwhile, Unilever has quietly introduced new low-calory fat substitutes into two "low fat spreads" sold by its Van den Berghs subsidiary in Europe. Delight – marketed only in Britain – contains an emulsion of water and milk proteins that is somewhat similar to Simplesse. Latta – on sale in Britain, Sweden, Germany and The Netherlands – has a different emulsion of water and gelatin.

The Unilever products are less sensitive to heat than Simplesse so they can withstand light cooking. But they can replace only some of the fat in margarine or dairy products.

Another approach to low-calory fat substitutes is through emulsified starches. Mixtures of starch and water can be made to feel like fat in the mouth, rather like emulsions of protein and water, and they are being used quite widely in "light" mayonnaise and salad dressings in the US.

Convincing the taste buds

By Clive Cookson

CALORIE-FREE sweeteners have been available since the discovery of saccharin in 1879. But the selection of sugar substitutes available to the food industry is still small today and all have drawbacks.

Saccharin has a bitter after-taste and some animal studies have linked it to an increased risk of bladder cancer.

Its two main alternatives – aspartame and acesulfam – were discovered during the 1960s. Aspartame, made by Monsanto's NutraSweet subsidiary, tastes better than saccharin but cannot be cooked. Acesulfam, made by Hoechst, is stable to heat but fails to reproduce the rich sweetness of sugar. Some people dislike its slight after-taste.

Several new sweeteners are being tested, and the one causing most excitement in the food industry is sucralose. It was discovered in 1976 by the UK sugar company Tate & Lyle, in the course of a collaborative research programme with Professor Leslie Hough's group at Queen Elizabeth College, London (now part of King's College). Johnson and Johnson have been licensed to manufacture and sell sucralose in the US and certain other countries.

The companies are understandably reluctant to discuss sucralose while it is still being considered by the US Food and Drug Administration and regulatory authorities in several European countries. But they are preparing a big publicity campaign to greet its approval, which may well come within a year.

Sucralose is a chemical derivative of sucrose (ordinary sugar). In chemical terms three of the hydroxy groups on the sucrose molecule have been replaced by chlorine atoms. Sucralose is not digested by the human body and is therefore calorie-free. But it is intensely sweet – 600 times sweeter than sugar – and the quality of its sweetness is said to be better than any of the sweeteners currently on the market.

Prof. Hough says sucralose tastes better than its rivals because it is very similar in shape to the sugar molecule. "It's a better fit on the taste buds," he says. "What we've done is to enhance the natural sweetness of sugar."

Sucralose also has the advantage of being heat-stable and suitable for cooking. Long-term health studies have produced no suggestion that sucralose is unsafe (while aspartame continues to be dogged by claims that it is a health hazard).

Judging by the success of NutraSweet's aspartame, sales of sucralose could be worth hundreds of millions of pounds a year in the 1990s – handsome compensation for Tate & Lyle for any decline in demand for their traditional product, sugar.

Fluffy flour with fewer calories

By Clive Cookson

US BAKERIES are now producing bread and cakes containing "fluffy cellulose", a new calorie-free flour substitute.

Fluffy cellulose was invented only three years ago at the US Department of Agriculture's Northern Research Center in Peoria, Illinois. Trials there show that it can replace up to 30 per cent of the flour in white bread, 40 per cent of the flour in cakes and 60 per cent of the flour in pancakes, without affecting taste or texture.

From the health point of view fluffy cellulose has two strong advantages. It is completely non-fattening and it is rich in the dietary fibre which is lacking in the typical western diet.

Fluffy cellulose is made by soaking fibrous plant residues, such as cereal husks and straw, in a dilute hydrogen peroxide solution. This removes most of the bard lignin from the cell walls and leaves a soft fluffy material which is bleached and ground into a floury powder. It actually contains hemicellulose and some lignin in addition to cellulose.

J. Michael Gould, who invented fluffy cellulose, says it substitutes for flour in cakes and bread much more successfully than other fibres such as cereal bran and wood cellulose. Although "furniture breads" containing wood fibres were condemned as a health hazard by consumer activists in the 1970s, no one has questioned the safety of fluffy cellulose.

The US Department of Agriculture has licensed four companies to make fluffy cellulose. Furthest advanced is DuCon, a joint venture of DuPont and ConAgra; a ConAgra subsidiary, Canadian Harvest, is selling fluffy cellulose made from oat husks to three US bakery groups, including Pepperidge Farm, under the trade name Snowite Oat Fiber ("fluffy cellulose" does not sound sufficiently appetizing.)

Peter Stewart, president of Canadian Harvest, says demand by US bakers for Snowite Oat Fiber far exceeds the production capacity of his company's pilot plant. He has sent samples across the Atlantic (for example one ton has gone to Holgran in the UK) but fluffy cellulose is not yet available in Europe in sufficient quantities for bakers to do any test marketing.

A slice of white bread baked with fluffy cellulose has 40 calories, compared to 75 calories in an ordinary slice, and it contains more fibre than wholemeal bread. Gould believes further research will enable bakers to make diet bread with even fewer calories. "But I don't think you could eliminate all the calories," he says, "because you will always need some

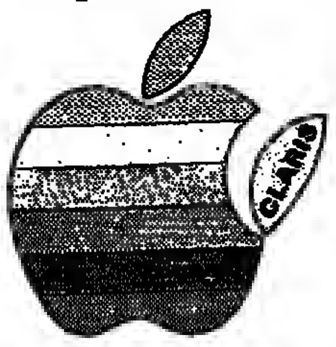
هكذا من الأصل

MANAGEMENT

Claris

Away from the core

David Thomas on the independence of Apple's software offshoot



CLARIS, a California-based software company which made its debut only last year, claims it will rank in the top five US – and hence world – software companies within the next few years.

Uttered by most new companies, that claim could safely be dismissed as mere bravado, even allowing for the heady optimism which marks the early days of many Silicon Valley ventures. But Claris is no ordinary start-up.

It is an off-shoot of Apple Computer, the Californian personal computer pioneer, whose easy-to-use machines have been almost alone in preventing the IBM standard from sweeping the board in the booming personal computer market.

Last April, in a move that intrigued the computer world, John Sculley, Apple chairman and chief executive, announced the creation of an independent software company – the then un-named Claris – to develop software applications for Apple machines. Apple's intention was to sell a majority stake in its offspring once it was sufficiently strong to stand on its own.

In the months following Sculley's statement, nothing much was heard about this new company. But as recounted by Bill Campbell, the Apple executive who was transformed into Claris's president, the newcomer on the software scene was far from resting. It had set itself two immediate tasks.

First, it had to develop new products. Campbell, who joined Apple four years ago after a stint as marketing director for Eastman Kodak's film business, set out to disappoint industry expectations that Claris would buy its way to prominence: "A lot of people thought we would go out with a big bag of Apple money and start acquiring products and companies."

Instead of following this easy route to visibility, Claris was keen to show it could achieve success the hard way: "We wanted to make a strong statement by looking like a development company."

The first fruits of this development work – mainly updated versions of most of Apple's original Macintosh programs, including AppleWorks, MacWrite, MacDraw, MacProject, and MacPaint, – were announced last month. Campbell promises a string of new products during the next 18 months.

Second, Claris, which now employs a workforce of just over 100, spent much of its first nine months forging itself into a free-standing organisation. Apple's software activities had to be disentangled from the rest of the company. "So it wasn't like spinning off a subsidiary. It was like creating a new company," Campbell explains.

Moving into its own headquarters separate from Apple's – albeit only seven miles distant – was a key step in severing the umbilical chord linking Claris to its parent.

Campbell sees this physical separation as a powerful symbol of Apple's good faith in not using Claris to wipe out the smaller independent software houses. "Apple has bent over backwards not to give us information about its plans that other software developers wouldn't have," Campbell insists.

Indeed, the delicate relationship between Apple and independent software companies – many of which were highly suspicious of Apple's intentions in forming Claris – is a thread running through the reasons Campbell cites for Claris's formation.

Apple had become tired of the friction between itself and the independents flowing from its decision in 1983 to label and sell under the Apple logo software applications it had developed for its own machines.

The independents, also developing programs for Apple machines, regarded this as unfair competition. Matters came to a head when the independents objected furiously to a new program Apple was intending to sell. "We sat down to re-assess our software strategy. If we couldn't publish this product, perhaps we should exit the business," is how Campbell recalls the discussion.

But Apple was extremely reluctant to abandon applications software altogether, not least because of a worrying trend it detected among the larger independents. Increasingly, Apple believed, they were concentrating on programs which could easily be adapted to run on both IBM and Apple machines. "The lowest common denominator was developing....The independents were not maximising the opportunities offered by the Macintosh."

For many of the larger independents, writing programs tailored for the Apple machine was becoming, in Campbell's words, "secondary or opportunistic business." The smaller independents, by contrast, might create innovative products for the Macintosh, but lacked the resources to distribute them effectively.

So although Campbell says Claris does not intend to go on a huge acquisition spree, it is eager to acquire specific products from the independents and has already done so half-a-dozen times, including in one case from a European software company. Campbell is particularly hopeful about a family of products called SmartForm acquired from a Rhode Island-based independent, which allows users to design and complete in-house company forms on screen.

Apple's intention was to sell a majority stake in its offspring once it was strong enough to stand on its own

Bill Campbell: moving Claris into its own headquarters was a key step in severing the umbilical cord

Claris's immediate task is to build up distribution for its products outside the US, which will probably account for about a third of the company's first year sales estimated by Campbell at \$30-\$40m. Campbell was in London and Paris this month to get its European distribution into shape.

The company will have only a small staff in key European countries at first, relying instead on independent distributors. Claris already has a distributor for France and is talking to several candidates about the UK. It hopes to set up similar arrangements for West Germany, Italy and Sweden, but might rely on Apple's distribution channels for the smaller countries.

A flotation will be one of the next developments for Claris, although the stock market turbulence has put a question mark over the exact timing. Campbell believes it will probably require two bites of the cherry before Apple gets its holding down to about 20 per cent. He is also keen to put mechanisms in place to stop other software concerns building up a commanding stake in Claris.

Campbell reckons the preparations for a flotation should be complete by the autumn. By then, too, it should be clearer whether Apple's novel experiment is heading for success.

When training proved to be in a good cause

INSIDE EDGE

Noel O'Reilly tells Michael Skapinker of the benefits of a management course in running a counselling centre

SHORTLY AFTER his promotion to project leader of the Killingworth Family Centre, Noel O'Reilly knew he was in trouble.

His staff were on the point of mutiny. He had little idea what his duties were. The details of his £80,000 annual budget were a mystery to him.

O'Reilly, 37, was appointed to run the centre, on the outskirts of Newcastle, two years ago. He had already spent three years there as a social worker. The centre, which provides help and counselling to local families and their children, is a joint project between the children's charity Dr Barnardo's and North Tyneside Council.

"There's a feeling that if you're a reasonably good social worker you'll be a reasonably good manager," he says. "But as a manager I didn't know what was expected of me."

What he needed, O'Reilly decided, was some management training. He asked Dr Barnardo's if they knew of any courses. They made some suggestions, none of which he regarded as suitable. Finally, after phoning around, he came across the Northern Regional Management Centre, based in Washington, Tyne and Wear.

The NRMC, which was set up in 1980 under the auspices of Newcastle, Sunderland and Teesside polytechnics, aims to provide courses tailored to meet the needs of individual junior and middle managers.

Managers who follow the NRMC's 12-month Certificate in Management Studies carry on working while doing so, which was what O'Reilly needed. All the same, his first contact with the centre was not encouraging.

"I met someone there who plonked me in front of a computer," he remembers. The idea was for him to complete a questionnaire which would enable the centre to diagnose his skills. "But I'm computer illiterate. I felt the whole thing was a bit of a joke. Then I had a short interview, but at the end of it I was no wiser about what my training needs were."

Matters improved, however, when he made contact with George Boak, his tutor and NRMC's programme manager.

O'Reilly began by working his way through a series of workbooks in basic management skills, such as how to manage people and how to manage money.

Managers taking the NRMC course work in their own time, submitting a series of assignments to their tutor at NRMC.

For O'Reilly, the benefits were immediate. One of his major problems had been the list of families waiting to use the centre.

"I realised from the workbook that the reason we had a waiting list was that I wasn't managing it, I was not looking at the situation and saying, 'this family's problems are resolved, they should now make space for someone else.' So in a sense I was creating my own problem."

O'Reilly began holding regular planning and monitoring meetings which eventually eliminated his waiting list.

But it was the workbook on managing money which was "the high point of the course". Previously when he had asked his superiors for more money he had been intimidated by "the men with the calculators".

"They would say 'why do you want the money' and I would say 'I just feel I need it'." As a result of the course, "I got to grips with my fears about money," he says.

Other assignments which O'Reilly did as part of his course included an attempt to describe the various components of his own job and an examination of staff turnover over a year.

All of the assignments done on the NRMC course are aimed at helping managers develop their own skills and reach a clearer understanding of the needs of their organisations.

The centre also requires its students to agree to a set of "management learning contracts" drawn up between the manager, the course tutor and the manager's employer.

The contracts set out some additional learning goals for the manager. Depending on what they and their organisation require, managers could, for example, undertake to set up a planning system for annual budgets, improve their public speaking or develop their interviewing skills.

Ideally, the employer should take an active part in helping to decide what goes into the contracts. O'Reilly's superior at Dr Barnardo's had agreed to give him half a day off work every week to devote to the course, but was not particularly helpful when it came to drawing up his learning contracts.

In one of O'Reilly's contracts he undertook to improve his budgetary control skills. In another, he agreed to come up with ways to manage his time more efficiently. "From my training as a social worker, I had learned to say I'm available at all hours. As a manager I had to learn when to put up my 'do not disturb' sign and know that it was OK to do that."

O'Reilly's only real reservation about the course was that the workbooks were too strongly oriented towards the profit-making sector. "I don't have the specific measuring tools I would have if I were dealing solely with profits or output. If you're dealing with people with problems you need different yardsticks."

He could, he says, count the number of families that pass through his centre. That, however, would not be entirely satisfactory because there is no way of knowing whether the families' problems have been permanently solved. "Sometimes you think that you've reached your goal, only to find that it's crumbled by the next day," he says.

ARTS

Television/Christopher Dunkley

Violence on screen corrupts: humbug!

There is a terrible irony about the relationship between television and violence. Discussion of this subject is developing into an industry complete with university departments and publishing lists. They will be organising an awards night next. Last week the BBC published "Violence And The Media" ($3.95); on Monday last week *Panorama* was devoted to the subject; and last month the IBA published "Violence On Television: What The Viewers Think" ($9.50). Though useful grist to the mills of the burgeoning violence industry, none of these told us very much that we had not heard before, or could not have worked out for ourselves.

The world has always been a violent place, and man has long been the most violent creature upon it. No other species has exhibited anything like man's enthusiasm for inflicting harm and even death upon his own sort, whether upon individuals, families, tribes, social, racial or religious groups, nations, or huge international alliances. For thousands of years, starting with the wooden club on the back of the caveman's head (no joke, but fully documented by anthropologists) and progressing to the millions of killings in World War II, man has been perpetrating acts of appalling internecine violence.

Then in the middle of the 20th century came television which, quite literally, brought man's violence home to him. Television arrived, moreover, at a time when the collection of crime statistics (like most other statistics) was improving and expanding rapidly. Read Shakespeare or Dickens or Mayhew and it seems pretty clear that today's violence is not in the least unusual; indeed we may currently be living in a period which is, comparatively speaking, abnormally quiet and safe.

That many people tend to believe otherwise may be due to an impression created by television with its ability to convey quickly and all too vividly those dangers which do exist. In the middle of the furore about child sex abuse Dr Ronald Davie, Director of the National Children's Bureau, wrote to the Press saying "I know of no evidence to indicate any over all increase in child sexual abuse, nor firm indications of changing trends." What had changed was not the incidence of crime, but our awareness of it – thanks, not least, to television.

But here is the irony: because of its effectiveness in portraying violence, and thus producing a public which is more aware of it than ever before, this 20th century electronic invention is being blamed for actually creating that violence, or much of it. In the classic, albeit ludicrous, tradition the messenger is being blamed for the message and we are, I believe, about to see the biggest ever bout of telly-bashing as a result. A government which boasts of its belief in the freedom of the individual, consumer choice, and the destruction of the quango state, is about to reduce the freedom of the individual, restrict consumer choice, and set up a new quango to prevent us watching...what? *The A-Team*? *The Equalizer*? Or perhaps ITV's own new series *The Fear*.

Missing such programmes will not worry me; I already go to considerable lengths not to see them more often than the job necessitates, because I dislike such violence. The most offensive programme I have seen this year was *Way Upstream*, a BBC adaptation of an Alan Ayckbourn play in which, presumably, the intention was to portray the power politics practiced even within small family groups. This was ruined by the unexpected inclusion of wholly unenlightening and quite horrible fight sequences.

The second most nauseating programme this year was last week's opening episode of *The Fear*, ITV's series about vicious and immoral young gangsters terrorising vicious and immoral older gangsters, all in a go-getting atmosphere of free enterprise. Both programmes had light-hearted billings which offered no warning whatsoever of the sheer nastiness to come. We are, surely, entitled to ask fur warnings when programmes of this sort are broadcast.

That is quite different, however, from asking for a ban. If my great aunt were still alive she would have been delighted to watch both programmes. In her old age Auntie Doree (a derivative of her youthful nickname "Dormouse" from her quiet and shy disposition) gleefully sought out the most violent material on television. She would grin and drum her little feet delightedly as cowboys shot one another and wrestlers roared in pain. Yet the idea that she was being turned into a dangerous criminal by such programmes is absurd.

But those who long to find some easy excuse for man's eternal violence, and who pounce eagerly on television, would say that Auntie Doree is not the important example; the Hungerford massacre is. This, they say, was yet another classic instance of copycat violence. There are, in fact, no classic instances of any such thing: lawyers sometimes attempt to shift their clients' culpability onto television, but the supposedly "famous" instances (the most famous being attributed to cinema, not television, in the case of *A Clockwork Orange*) have all been discredited.

Last week's *Panorama* suggested that the story of Ryan watching a video of *Rambo* and "copying" it in Hungerford was doubtful since he had no VCR, though he did have a considerable collection of books about weapons. Yet suppose, for a moment, that Ryan was very keen on violent films or videos or programmes: is it not more reasonable to say "That is hardly surprising since he was a homicidal maniac," than to say "Aha! That is *why* he was a homicidal maniac"?

Throughout all the centuries of recorded history the human race has been producing homicidal maniacs. No doubt they were, by temperament, the type who particularly relished penny dreadfuls or horror stories round the fire, and no doubt delinquent teenagers in the late 20th century are particularly keen on violent television programmes. To assume, however, that the level of real violence in society would be reduced by reducing the level on television is sheer wishful thinking.

Iain Glen in "The Fear"

The determination of right wingers such as Paul Johnson (in last week's *Panorama*) and writer Ian Curteis (in a recent article in an evening newspaper) to batter down our resistance to increased censorship in these areas by appealing to "common sense" and what "most ordinary people think" should be resisted. Common sense tells us that the earth is flat, and for millennia most ordinary people believed it to be flat, but common sense and all those ordinary people were wrong.

Aristotle said that tragedy on the stage served to purge the onlooker of terror and horror; he described the experience as cathartic. Most people who enjoy violent television never commit crime, and it seems just as reasonable to argue that television is helping to purge them of otherwise dangerous urges as it is to argue the opposite causal connection. The finding in the IBA report that many viewers claim to feel "quite violent" as a result of watching violent programmes may well prove Aristotle's point rather than that of the censors.

The baselessness of the argument that "Television sells soap powder so it must sell violence" has been expounded here frequently: viewers need, want, and like soap powder and are predisposed to buy what the advertisers are determined to sell. For the analogy to hold up with violence, viewers would have to need, want and like being violent (not just watching violence) and programme makers would have to be determined to make them behave violently. It is not the simple analogy that the censorship lobby pretends.

For centuries the attitude of teachers towards children in British schools was "Do what I tell you or I will hit you with a stick." Should we blame television for such violence? Since time out of mind our politicians have been saying to foreigners "Do what I say or I will send a task force to kill you" and the present Prime Minister takes precisely the same line. Was she corrupted by television? And when our children, born and bred to such violence among their elders and supposedly betters, resort in their turn to violence can we possibly be right to try to shift the blame onto television?

Is that not the most preposterous humbug?

Echo et Narcisse/Colmar

Max Loppert

The Gluck double bill that Opéra du Rhin is currently presenting is a co-production originally mounted by the Hamburg Opera to mark the composer's bicentenary, and previously given at the Schwetzingen Festival and in Hamburg and Monte-Carlo. Its main point of interest is its second part: the revival of a great rarity greatly neglected and misunderstood – *Echo et Narcisse* (1779).

This was Gluck's last work for the stage; Hamburg paired it with the one-act occasional piece of two decades earlier, *Le cinesi* (revived in London not long ago). I caught up with the show last weekend at the Municipal Theatre, Colmar, one of Opéra du Rhin's three Alsatian home bases.

Echo et Narcisse was a failure. The Paris audiences which had so recently acclaimed *Iphigénie en Tauride*, Gluck's triumphant masterpiece, were unable to appreciate the fact that he had intentionally followed it with something completely different – something much slighter, pastoral in tone, Gluck's latest salute to that selfsame high French tradition of opera in formal episodes of song and dance which in *Armide* he had already embraced and re-invented. He took its failure very hard, and left Paris forever. A revival shorn of the prologue was produced, without much more success, the following year. In any case Gluck himself had already signed off from the lyric theatre; his health was poor, and his death not long off.

The traditional critical line in dealing with this closing instalment in Gluck's Paris career has been to admit that it contains some lovely music – and then to slam the inexperienced Baron Tschudi's libretto, and finally to dismiss the piece as a sadly disappointing miscalculation after the sublimely chaste, elevated tragic grandeur achieved in the second *Iphigénie*. (An introductory note in the Opéra du Rhin programme took this very line.) The libretto is indeed stiff, windy, clumsily-phrased; but it's no worse than that – and, indeed, as it inspired Gluck to his final and perhaps his most rarefied flights of exquisite lyrical invention for the theatre, the faults of diction are easily placed in perspective.

Certainly, Gluck bathed Tschudi's Ovid-based version of the classical myth in a quite wonderful musical radiance. I know of no other Gluck score in which individual notes and timbres are placed with such telling economy, and in which the dramatic unfolding is so totally dictated by the stream of musical sounds. The essence of the plot is mirror images (the deluded Narcissus caught by his own reflection, and later, when the delusion is lifted, the dead Echo's voice heard repeating the ends of his phrases). And mirror images penetrate and dominate the score, from the ravishingly grave, sweet echo-effects drawn from an offstage second orchestra in the overture to the way the besotted Narcissus's phrases curl around each other above an unmoving bass.

At root the opera is tragic (Einstein praised with memorable eloquence Narcissus's aria of self-awakening – "one of the summits of Gluck's penetration into the human soul"). But the intentionally self-conscious invocation of French operatic tradition helps to contain its tragic pathos and "modern" psychological insights within a frame of gentle pastoral lyricism. It is these Janus-like dramatic aspects – modern and conservative at the same time – that have made *Echo et Narcisse* such a misunderstood work; and it is these same double aspects that place it among the select "late works" of great opera composers, those that (like *The Magic Flute* or *Falstaff*) glow with a quite special mature serenity.

I'd got to know the work from the score alone, and therefore approached the Colmar theatre (ideal in small size and shape) with high hopes – this double bill had, after all, been a huge hit at all its previous ports of call. Alas, it was simply horrendous, the latest episode in the long, sad saga of the maltreatment of Gluck's operas. Herbert Wernicke, who directs and designs the opera shows that have made him flavour-of-the-month enfant terrible all over Germany, had bound the light-spirited *Cinesi* and pastoral *Echo* into a single hateful spectacle – grotesquely coarse, music-ridiculing farce before the interval and drearily surrealist music-demeaning drama after it, all based on hideous scenery dominated by shards of mirror.

The first opera survived – just – on its own frivolity. The second, which needs the finest, lightest, most loving treatment, died an agonizing slow death. All this was made even worse by an inadequate conductor, the countertenor René Jacobs, the latest well-known singer to come embarrassingly to grief in an opera-house pit (ensemble was fraught, rhythmic definition hopelessly wayward). And the cast, mainly drawn from Hamburg company members, were vocally all at sea with their chastely wrought vocal lines – the Echo, Sophie Boulin, was often painfully thin, throaty, and out of tune. The excellent young American tenor Kurt Streit as Narcissus, admirably clear and elegant in high phrases, was a saving grace (he was also far the best of the *Cinesi* cast), but an insufficiently powerful one.

What *Echo et Narcisse* now urgently needs is a John Eliot Gardiner, Roger Norrington, or Lina Lalandi to establish its fortunes and its just reputation once and for all.

Prazak Quartet/Elizabeth Hall

Andrew Clements

The Prague-based Prazak Quartet made its British debut in 1985, after gaining much attention and a clutch of prizes at competitions across Europe. Its visit on Sunday evening to the Elizabeth Hall confirmed the truth of those earlier opinions; there is little doubt that this is the latest in the line of great string quartets to emerge from Czechoslovakia and one already to be rated highly among its contemporaries.

The Prazak's recital took place under the auspices of the London Society of Chamber Music, whose series this year is devoted to the "great quintets." The greatest of all string quintets, Schubert's, made up the second half of this programme, in which the quartet was joined by the cellist Raphael Wallfisch. Their account contained many memorable things, though by the exceptional expectations created by the earlier performances it was by no means perfect. The account of Beethoven's C minor Quartet Op.18 no.1 with which the Prazak had begun was quite remarkable for its unanimity of phrasing and tonal balance, its magical control of dynamics and exactly judged weight. Yet such disciplined playing did not allow Smetana's E minor Quartet to lose its sense of rhapsody – the viola's opening solo was hugely expressive, and accompanied by the other instruments with almost instinctive tact – nor to deprive its dances in the second movement and finale of a palpable physicality.

Much of the Schubert Quintet had the same vivid attack – the abrasive development section to the first movement, the sensuous intertwining of first violin and cello in the reprise of the slow movement, the sculpting of the cellos' lines – and with Wallfisch's constantly watchful playing the bass lines acquired fresh interest. But some of the subtleties were undermined by self-conscious pointmaking: the trio section of the scherzo was slowed almost to a standstill, and the second theme of the finale really did become becalmed. Without those mannerisms it would have crowned a exceptional recital.

Radoslav Kvapil/Radio 3

David Murray

The pianist Radoslav Kvapil is a tireless and sympathetic exponent of Czech music. That doesn't limit his scope nearly as much as you might suppose (and of course he plays other music too), for from Smetana and even earlier there has been a substantial Czech tradition of piano-writing. Not mere Austro-German carbon copies, but inventive and distinctively flavoured: not only "national," though Czech dances exercise their own attraction, but often vividly personal. Kvapil's BBC lunchtime recital on Monday at St. John's, Smith Square, must have persuaded listeners to seek out more of it.

He began with Zdenek Fibich, whose operas and symphonic poems were complemented privately by an extraordinary piano "diary," some 376 pieces, mostly brief and mostly inspired by the girl student he loved. Kvapil's selection included a tender homage to her birthmark, a stark sketch of jealousy, a reminiscence of an island idyll which consists of a poignant reworking of a famous waltz – and "Caliban," a clever cartoon closely akin to the "Rich Jew" of Mussorgsky's *Pictures*. The piano-idiom starts from Schumann but extends adventurously: the sentiments are precisely personal and affecting. Presumably Fibich's "diary" prompted Suk's and Janácek's wayward piano cycles; they all reward acquaintance.

Beethoven's admirer Jan Vaclav Vorisek was represented strikingly by his B-flat Sonata op. 20, a fine work with an athletic, cunningly syncopated scherzo and a fleet finale in the tonic minor – possibly the first B-flat minor finale in the literature (the key was to become popular with the advanced Romantics). Kvapil's dashing performance was undampened by a few finger-slips.

He concluded with Janácek's fragmented sequel to his cycle *On an Overgrown Path* (respectably familiar now, thanks to Rudolf Firkusny's championing). Delivered with much feeling and some very different dynamics from those in the "critical edition," it ended with what must be a new, elaborated draft of the last piece. Is there an updated "critical edition" on the way?

Curtains/Whitehall

Martin Hoyle

Michael Coveney welcomed this funny, loving play about – improbably – euthanasia at its Hampstead premiere last September. It now opens at the Whitehall with two cast changes, its mixture of laughs and stabbing, admonitory pain intact. Stephen Bill's family comedy (how strange the change from minor to major when this lot says goodbye to the dear departed) can show a desperate daughter shoving a Sainsbury's carrier bag over her sick mother's head and finally applying a cushion to the old lady's face without being offensive; the play's mockery of our attitudes to the sufferings of those we love stems from affection, warmth and concern: and like all good comedy knows that the danger of incongruity grows in proportion to the gravity of the situation.

Gwen Nelson brilliantly portrays the 86-year old, at various times affronted, bewildered, bellicose or, eyes turned heavenwards, lost in melancholy contempt of her family. Like the very old, she leaves us uncertain as to how much she actually understands, alternating her own incomprehensible train of thought with flashes of lucidity.

Her daughters are played by Sheila Ballantine, rancorous self-righteousness in a poodle wig, and Annette Crosbie, replacing Bridget Turner as the fraught accomplice in her mother's death-wish: a sterling performance, though her accent of Black Country gentility occasionally sounds South African. Marty Cruikshank is the runaway returned, the liberated daughter who disappeared 25 years ago, as yet a little consciously theatrical. Stella Moray remains the caring, garrulous neighbour.

Tim Reed's design of ancient wallpaper and grimed woodwork is so real that we can smell years of grease and dust. Stuart Burge's production evokes some fine playing, superb in the case of Ralph Nossek as Miss Crosbie's husband. This sublime inadequate, his ineffectuality elevated to genius, all little propitiatory hand gestures and unfinished . . . is brilliant, not least when trying to get the truth about his mother-in-law's death. After his hysterical wife has recounted the struggle with pills, bag and cushion to a family stunned into silence, his brightly fatuous "Well, that's helpful" bespeaks great comic playing. His blend of the well-intentioned and the furtive, is worthy of the play, itself alive with insights about contradictory humanity. A slight feeling of anti-climax in the long second act is a small weakness in a production that deserved its journey south and a long and prosperous stay there.

'Ballo' cast change

Giorgio Zancanaro has an ear infection so Romanian Alexandru Agache will sing in Covent Garden's revival of *Un ballo in maschera* which opens on Friday.

Philip Bird, Sheila Ballantine, Gwen Nelson, Ralph Nossek and Anette Crosbie

Arts Guide

February 19-26

Theatre

NEW YORK

Serious Money (Royale). For its move to Broadway, Caryl Churchill's devastating puncturing of the international financial community gets a new cast led by Kate Nelligan under Max Stafford-Clark's direction. (9239 6200).

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with James Earle Jones taking the powerful lead role of an old baseball player raising a family in an industrial city in the 1950s, trying to improve their lot but dogged by his own failings. (221-1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and over-blown idea of theatricality. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest-running musical in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

Phantom of the Opera (Majestic). Stuffed with the Maria Bjornson gilded sets, the theatre rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London. But so hard are tickets to come by that travel companies are advertising packages to London with promises of tickets to see the show there. (239 6200).

Les Miserables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go round the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and trumped-up silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead role for an agile, engaging and deft actor preferably British. (947 0033).

TOKYO

Kabuki (Kabuki-za). Sugawara Denju Tenarai Kagami (The Secret of Sugawara's Calligraphy). Act 1-3 in the morning at 11am; Act 4-6 at 4.30pm. The play is loosely based on the life of a master calligrapher of the ninth century, but its main appeal lies in the character of triplets who are retainers to three deadly rivals and become the victims of divided loyalties. The sixth act was rendered into English by John Masefield as The Pine. (541 3131) Ends Feb 26.

Song and Dance 1988 (Hakuhinkan Theatre). An entertainment featuring two young jazz dancers from the US, Bryant Baldwin and John Cheeseman, and one from Japan, Ryo Amamiya. (571 1003) Ends Feb 28.

LONDON

The Best of Friends (Apollo). John Gielgud makes probably his last appearance on the London stage as Sir Sydney Cockerell, a museum curator and friend of Shaw (Ray McAnally) and a remarkable abbess (Rosemary Harris). Hugh Whitemore's play shuffles a tripartite correspondence to provide Gielgud, now 83, with a perfect vehicle. (437 2663, CC 434 3598).

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical, Gemma Craven failing to wash the baritonal Emile Belcourt out of her hair.

Shirley Valentine (Vaudeville). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444)

A Wholly Healthy Glasgow (Royal Court). Scabrously funny new play by Ian Heggie, structurally similar to David Mamet's American Buffalo, but set in a back-street Glaswegian health club. No simultaneous translation provided. (730 1745).

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Dave Willetts has succeeded Michael Crawford as the Phantom. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. Four new songs, improved book by James Goldman. Cast led by Dolores Gray, Julia McKenzie, Diana Rigg, Daniel Massey. All good. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies: how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. Hot and livid, but new cast deemed less good. (836 3028, CC 379 6565).

A Small Family Business (Olivier). Brilliant new Alan Ayckbourn play about Britain on the fiddle in greedy times, selling out to foreigners and keeping it simultaneously in the family. A comedy thriller on the large scale. (928 2252).

Saleroom/Annalena McAfee

Chagall 'Cirque' record

A record price for an illustrated book by Chagall was paid by a Paris dealer in Monaco yesterday. The book, Cirque, containing 36 lithographs by the artist, went for £106,079 at Sotheby's sale of illustrated books.

In London, a mid-18th century Meissen part dinner and dessert service was the top lot in Sotheby's morning sale yesterday of early English and Continental ceramics and glass. The service, painted with birds, sprays of fruit and garlands of flowers, was bought for £55,000 by an anonymous buyer. The sale made a total of £796,532 with 8.71 per cent of lots left unsold.

A pair of fine Venice Maiolica jars, of between 1520 and 1530, went for £26,500 to a telephone bidder while a very rare Deruta Maiolo armorial charger from the same period fetched £26,400.

A Vincennes teabowl, signed by the artist Louis Denis Armand in 1749 and painted with a palette of shaded enamels, for colour reference, was sold for £19,800. It is only the second Vincennes *inventoire* to come to light; the first is in the collection of the Musée de Sèvres.

A 16th century armorial Urbino Gubbio-lustred istoriato dish, depicting Diana surprised by Actaeon while bathing in a grotto, went for £16,500 to an anonymous buyer. A Meissen *Schneeballen* teapot, encrusted in white applied flowers and turquoise leaves, more than doubled its estimate when it went to a telephone bidder for £15,950.

Chichester Festival Theatre's 27th season

Hay Fever by Noel Coward will open the Chichester Festival Theatre's 27th season on May 4, starring Jan Francis, John McCallum and Googie Withers.

The other productions this year will be Shaw's *Major Barbara* with Anna Carteret, Rosemary Leach and Donald Sinden, directed by Christopher Morahan; Royce Ryton's *The Royal Baccarat Scandal* with Fiona Fullerton, Keith Michell, John McCallum and Jeanette Sterke, directed by Val May; and *Ring Round the Moon* by Jean Anouilh, directed by Elijah Moshinsky with Michael Sibbery, June Whitfield and Googie Withers.

*

Robert Hardy and Virginia McKenna will star as Winston and Clementine Churchill in *Winnie*, a new musical with a company of 40 which opens at the Victoria Palace Theatre on May 31 following its world premiere in Manchester on April 21. Written and produced by Robert Hardy, the music combines songs of the period with new ones by Lionel Bart. Albert Marre directs.

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Fresh hopes for Cyprus

THE ELECTION of Mr George Vassiliou, a businessman with no traditional party affiliations, as the new President of Cyprus, offers the first glimmer of hope for several years that a political solution might at last be found for the divided island. Mr Spyros Kyprianou, the outgoing President, had become identified with the stalemate in the UN-sponsored negotiations with the Turks of northern Cyprus on the future of the island. A new leader with a more open mind was urgently needed if the *de facto* partition of Cyprus, which has existed since the Turkish military intervention in 1974 and the unilateral declaration of an independent "Republic of Northern Cyprus", was not to become permanent.

Striking a chord

The fact that Mr Vassiliou owed his narrow victory to the support of Akel, the Cypriot Communist Party and, probably, to a significant number of centre-right voters who might normally have opted for his opponent, Mr Clerides, says much about the present state of public opinion. It is clear that the new President's non-partisan political ideas, coupled with his declared desire for unconditional negotiations with the Turkish community of the north, struck a chord in a population which has begun to despair of ever seeing its country reunited.

While it is true that, on paper, Mr Vassiliou's policy for a settlement does not appear to vary fundamentally from that of Mr Kyprianou, he is likely to prove more flexible in practice than his predecessor. Mr Kyprianou on two occasions in 1985 and 1986 rejected a draft agreement tabled by the UN for a solution of the conflict. He has been accused by his political opponents of lacking both flexibility and imagination in the way he handled the negotiations.

The former President had the support of the majority of Greek Cypriots for his insistence that the withdrawal of Turkish troops from the north of the island should be a precondition of any settlement. But as time went on and it became obvious that this had become one of the main obstacles to a negotiated solution, it appeared that he was making insufficient efforts to find a compromise formula.

The election of a less intransigent Cypriot President complements a number of favourable developments affecting Cyprus. The positive outcome of the recent meeting in Davos between the Greek and Turkish Prime Ministers, Mr Andreas Papandreou and Mr Turgut Ozal, cannot fail to create a more fertile climate for a Cyprus settlement. Whereas it has often been argued that Ankara was interested only in conserving the status quo, it is doubtful whether this is still the case. One of Mr Ozal's main objectives is to see Turkey become a member of the European Community. This presupposes a marked improvement in relations with Greece, inconceivable in the absence of a solution to the Cyprus problem.

Goodwill gesture

The hints dropped by the Turkish government that it might be ready to implement a partial withdrawal of troops from Cyprus ahead of an agreement as a goodwill gesture are a promising sign of a break in the log-jam, as is the offer for an early meeting with President Vassiliou by Mr Rauf Denktash, the Turkish Cypriot leader.

On the essential question of the creation of a bizonal Cypriot state the two communities are already agreed in principle. Difficult problems like the continued presence of Turkish troops on the island and the return of homes and property to Greeks expelled from northern Cyprus remain to be settled and will, no doubt, require arduous negotiations. But these issues will prove to be much less intractable if both sides succeed in demonstrating to each other that they are now genuinely interested in reaching an agreement.

Omissions in public spending

WHAT MARKS should the Thatcher Government get for its planning, presentation and control of public expenditure? Rather low ones, suggests a careful reading, both on and between the lines, of the House of Commons Treasury and Civil Service Committee's report on the Government's public expenditure plans.

The report notes, quite rightly, that "a series of bilateral negotiations with individual ministers does not add up to collective decision making." If the individual spending minister does not push for his department, nobody else will, sometimes with grievous results. For example, the unwillingness of Sir Keith Joseph at the Department of Education and Science and, more recently, of Mr John Moore at the DHSS to ask for more have led to an irrational allocation of public resources.

The Committee also notes that "it is important for projections of revenue for the coming financial year to be updated in the run-up to the Autumn Statement when the public expenditure plans are being finalised." This "would help to ensure that the competing claims of expanding public spending and lowering the level of taxation were properly compared." Indeed, the separation of decisions to spend and tax by some four months is impossible to justify. The Prime Minister is fond of regarding herself as a prudent housekeeper, but what housekeeper would determine her budget four months before deciding how much the family is likely to earn?

Turn to the presentation of public spending in the Public Expenditure White Paper. The Committee notes that "both the cash terms and 'real terms' (adjusted by the GDP deflator) tables in the White Paper may be misleading." This is understatement. If one wishes to assess what services the Government provides, present figures are almost useless.

For this reason the Committee asks for more information on Relative Price Effects (RPE), the extent to which costs of provision vary in the different areas of expenditure. The Government rejected this proposal, saying it did not have the required information and noting that statistical convention fails to allow for increases in productivity. Moreover, the Chief Secretary to the Treasury, Mr John Major, asserted that "using the relative price effect...would remove the main incentive to cost efficiency" and "at a macroeconomic level it would tend to institutionalise inflation."

The Government is blurring two key distinctions: between a method of control *ex ante* and a method of evaluation *ex post*; and between the way in which targets are determined and the targets themselves.

Cash limits may be the best way of controlling public expenditure, but they provide no indication of the goods and services that are provided. What one wishes to know is how much health service the Government provides, not how much more or less of the goods and services produced in the economy as a whole the health budget could provide than last year.

Equally, a cash target has to be based on some view of what the Government aims to provide and how much it is going to cost. In the Public Expenditure White Paper the Government remarks that "no general assumption has been made about the rate of increase in pay and allowances in 1988-89 or thereafter." How can there be sensible planning of public spending in the absence of a realistic assumption on pay?

The Government is being disingenuous. The information provided at present conceals what the attempt to lower the share of public spending in GDP actually means when the principal areas of spending have costs that rise faster than those of goods and services in general. The Government has chosen to square the public expenditure circle by being economical with the truth. For all its impressive detail, it is in this respect that the Public Expenditure White Paper deserves the highest marks.

David Lascelles looks at National Westminster's investment banking problems after County NatWest's £116m loss

The parent pulls in the leash

THERE IS something fatal about the attraction of investment banking for the British clearing banks.

The sudden resignation on Monday evening of Mr Charles Villiers and Mr Jonathan Cohen, respectively the chairman and chief executive of County NatWest, part of the UK's largest clearing bank, is the latest of a series of shocks to the clearers' investment banking operations over the last 12 months. Only one of the Big Four, Barclays, is now left with an investment banking operation that could be said to carry any international credibility, and even Barclays is not in the global top tier (see below).

The departure of Messrs Villiers and Cohen is bound to reinforce the popular view that the clearers are ill equipped to engage in an activity which is alien to their cautious natures. Nevertheless, Lord Bosrdman, NatWest's chairman, was stating forcibly yesterday that his bank remained committed to its oew line of business, which it regarded as a key part of its strategy to become a major international bank.

"We are completely dedicated to the success of that operation. It remains vital to a group such as ours," he said, adding that NatWest would give it whatever capital backing was necessary.

But it is doubtful whether NatWest would have been as enthusiastic about investment banking when it embarked on its venture four years ago had it known the cost and embarrassment it would cause.

At the time, the prospect of the Big Bang and the growing competitive pressures on the banks' traditional lines of business were pushing them strongly in the direction of investment banking. The rationale was that banks with global aspirations would have to be able to supply top multinational companies with a complete menu of financial services, including the issuance and underwriting of debt and equity securities – normally the province of merchant banks and securities houses.

Ironically in the light of its losses, NatWest took the "low cost" route into Big Bang: it bought two small Stock Exchange firms, stockbrokers Fielding Newson-Smith and jobbers Bisgood Bishop, and planned to build them up itself. Barclays took the "high cost" route by buying two large firms, reckoning that even if they were too big to be remoulded, they would get Barclays' investment banking operation off to a flying start – which they did.

According to Mr Tom Frost, NatWest's chief executive who was head of group business development at the time of Big Bang and a key figure in shaping the investment banking strategy, NatWest knew there would be "a J curve" of profits. Although NatWest does not disclose its budgeting plans, it plainly thought it had hit the bottom of the J curve at the end of last year when County NatWest reported a loss of £38m. This included the substantial costs of setting County up, hiring expensive people, and getting it established in foreign financial centres like Tokyo and New York.

Now, however, County has just reported a 1987 loss of £116m – more than three times last year's figure.

To some extent, this was plain bad luck. The October market crash took a heavy toll on the entire investment banking business. And Barclays is expected to announce heavy losses of its own today.

But according to the breakdown of County's results given yesterday, this was only part of the story. The crash itself caused direct losses of £20m. There were also £15m in provisions for some bad leases written some time ago. Another heavy item was "exceptional development expenditure" of £21.4m which included the high price of obtaining a seat for County on the notoriously expensive Tokyo stock exchange. And then there were "residual operating losses" of £12.1m.

But while that paints a picture of an operation with heavy costs and high exposure to swings in the market, the worst loss – £47.5m – came on County's damaging involvement with Blue Arrow, the manpower services company whose rights issue it handled in October to help it make a US acquisition.

That incident hurt County in several ways. Apart from the sheer size of the loss, it led to aoggestions of poor management controls in County. The group, it transpired, had a 9.5 per cent stake in Blue Arrow which it disclosed after the October crash. Under the Companies Act more than 5 per cent of a company's stock may be held without being reported bnt only if the holding occurs for the purpose of a market maker's everyday business.

Although there have been reports that both the Department of Trade and the Stock Exchange are mounting inquiries into the Blue Arrow affair, Lord Boardman said yesterday that "I bave no knowledge of any inquiries." Nevertheless, the affair is an acute embarrassment to a group which is highly sensitive about its public image and lays great store by the strength of its management controls.

The impression of weak controls at County was reinforced by two incidents in its options department where two employees managed to run up several million pounds worth of losses before they were discovered. Although the sums were tiny compared to County's overall losses, the enormous publicity surrounding the two cases caused aggravation to the NatWest group and damaged morale in County itself.

Another way in which Blue Arrow hurt County was by fuelling criticism of the manner in which it obtains business. Lacking the long and prestigious client lists of well-established merchant banks, County has drawn on its other strength: the backing of a powerful parent with a multi-billion pound balance sheet. Blue Arrow showed that County was able and willing to take on huge positions. This drew accusations that it was buying market share, though County preferred to describe itself as "demonstrating its loyalty to clients."

After the crash, as County's mounting problems became a serious preoccupation, NatWest's senior managers also started to worry about the impact on the rest of the bank group. Culturally, County was always quite distinct from the clearing bank, where its costly demands and high flying, highly paid staff were widely resented.

Its losses must have been particularly galling for the UK banking division which has just reported record profits for 1987 – up 43 per cent to just over £1bn. Although County provides sophisticated financial products for the rest of the group to sell and use to strengthen relationships with leading corporate clients, this is only appreciated in the higher echelons of the bank. The bulk of NatWest know little more of County than they read in the Press, and most of that has recently been bad.

Worse, County's losses will hurt the group's entire staff through reduced profit sharing. The figures involved may not be large, and they will to some extent be offset by a special bonus which was paid to staff last autumn. But it will not go unnoticed.

Against this background, the resignations of Mr Villiers and Mr Cohen could have positive results. They were described by one NatWest executive yesterday as proof to the rest of the group that there is a "levelling process" at work even for apparent high flyers, particularly since more than 150 other County people have also been shed since the crash.

Their replacement by Mr Terry Green, the head of NatWest group business development, should also provide some reassurance. Culturally, Mr Green is one of "us" rather than one of "them": he came up through NatWest's high street branch system and is a leading member of the close-knit top management team which is one of NatWest's strengths. By contrast Mr Villiers was a chartered accountant with no direct clearing bank experience, and Mr Cohen was a merchant banker from S.G. Warburg.

However, Mr Green has a tough task ahead of him. His immediate job is to get to grips with County's weaknesses and impose more efficient controls. He will also have to find a new chief executive. Both these actions are likely to produce a shift in County's culture towards the clearing bank's. The controls will introduce more clearer-style bureaucracy, while the new chief executive will have to be first and foremost a person who inspires confidence inside the parent. And Mr Green will have to rebuild the morale which is vital to an investment banking operation, as well as the profits which are now unlikely to emerge until the 1990s.

Despite the crisis, however, County still has the makings of a substantial investment bank. It has made its mark in the UK securities markets; and the recent acquisition of Wood Mackenzie, a leading stockbroker, will strengthen its presence in the equity business. It has a budding operation in New York and is now a member of the Tokyo stock exchange. But, after this "expensive learning curve," as Lord Boardman put it, it will be an investment bank held on a tight leash by an anxious parent, and that could cramp its style.

County's return to health is also important to the UK's standing in the international financial world. The number of UK investment banks of world class is not simply a matter of patriotic pride. London's status as a financial centre and its ability to deliver services to the UK business community is linked to the strength and abilities of its leading members.

As Lord Boardman said yesterday, the involvement of the clearing banks was vital because they have the capital resources to sustain powerful investment banking operations. "Without us a lot of the business would go elsewhere, to New York and Tokyo," he said.

Ashley Ashwood

In the shadow of the NatWest Tower, Lord Boardman, chairman, and (right) Mr Thomas Frost, group chief executive

Rival approaches to investment banking

BZW, Barclays Bank's investment bank, comprises stockbrokers de Zoete & Bevan and jobbers Wedd Durlacher. Considered the best of the clearers' ventures into investment banking, it has built a leading position in UK securities. But BZW reported a loss of £18m by last November, implying total Crash losses of over £50m. Results today expected to show an overall loss of £15-£20m.

Only ever half-hearted about Big Bang, Lloyds built a small investment bank which made a loss of £20m in the first half of last year. LMB has closed down its gilt-edged dealing and Eurobond business and now concentrates mainly on corporate finance and stockbroking. It is also a dealer in US treasury bonds. LMB's results on Friday are expected to show a 1987 loss of over £25m.

Midland Bank was first to make a partial retreat from investment banking. Two years after buying W. Greenwell & Co, a top broker, it closed its equity market-making business a year ago because of heavy losses. It has since also left the institutional equity business at a cost of £46m. But gilt-edged dealing is thriving. Last year, Midland Montagu's profits were halved to £41m.

Yesterday's feature on Roseland quoted a vacancy advertised by Basingstoke and Deane Borough Council with a local allowance of £2,165. This figure was based on an erroneous local newspaper advertisement; it should have read £216. We apologise for any confusion.

OBSERVER

Colder than it seems

■The mild winter appesrs exceptional to everyone but the weathermen at Bracknell who ran all their statistics between December 1 and February 21 through the computer this week and came to the conclusion that while it was mild, it was not that mild.

In fact, the Central England Temperature, used to homogonise records which go back to 1659, aversged 5.6 deg C in those months, placing the winter of 1987-88 twentieth in the mildest winter league.

The warmest since records started was 1869 with a mean temperature of 6.8 deg C, second was 1844 with 6.5 and in third place is 1975 at 5.4.

Still, twentieth is not bad and 1975 was quite exceptional, so even though oor memories might need jogging we may feel entitled to remark upon the present mild spell, commenting also about all the rain there has been, except there hasn't.

The computer found that 236.7 mm of rain had fallen in the same period, 81 per cent of the winter average, making this winter drier than most.

So what does all this mean for the overall weather pattern? Very little, according to the Climatic Research Unit at East Anglia University. A seolor researcher Phil Jones believes that Britian's mild spell is pretty insignificant in the history of the world's climate. He said: "It was milder in 1975-76 and in fact there was a run of mild winters in the early 70s. You bave to look outside Britain for a full picture."

Looking outside himself, he noticed it was snowing as he spoke.

The moles in Thirsk, North Yorkshire, however, have noticed a difference, according to Bill Foggitt, a 75-year-old weather enthusiast wbose family has kept records dating back to 1830.

Foggitt says: "The moles are still active and that's a good sign. It means there are plenty of insects about on the surface and the moles come up to feed on them."

He predicts a long hot summer like those of 1975 and 1975 after a short cold snap or two at the end of winter. The significance of Candlemas on February 2 should not be lost on us, he says. "If Candlemas day is clear and bright, winter will have a second flight. If Candlemas day is mild or brings rain, wloter has gone and won't come again," he said.

Candlemas was mild this year.

Latin errors

■Lufthansa, the West German airline, is currently running an advertising campaign stressing its "passion for detail". It does not extend to Latin America. The ad shows the same flag for Colombia and Ecuador. Come to that, it also spells Colombia with a "u".

Stalin unmasked

■Anyone remotely interested in the Soviet Union should go and see Repentance, the Georgian movie about Stalin now being shown in a few London cinemas.

Actoally, it is about Stalin only indirectly. It concerns a long-time Mayor who just happens to share some of Stalin's characteristics and ran a town that looks remarkably like – in fact is – Tbilisi, the capital of Stalin's home state of Georgia. When he dies a lady keeps exhuming his body, not because she thinks he should be resurrected but that he should be thrown to the ravens.

It was authorised for release relatively quickly because the script was shown in advance to Eduard Shevardnadze, himself a Georgian and now the Soviet Foreign Minister.

In the Soviet Union there are enormous queues for it. In London the critics have greeted it with respect rather than ecstasy, which is not surprising since it does have the odd longueur and can be obscure. But there are compensations like the Stalin figure declaiming: "At least four out of three people are our enemies," and the man making a forced confession saying that he bad been charged to build a tunnel from Bombay to London.

It is also full of literary and musical allusions. The Mayor recites the whole of Sbakespeare's Sonnet 66: "Tired with all these for restful death I cry."

Apart from enjoying it, you will learn a great deal about the Soviet Union trying to come to terms with the past.

"Passengers are requested not to smoke during near misses..."

Joining the club

■Solomon Casseb, the dapper and elderly Texan judge who presided over the Texaco-Pennzoil trial in Houston, joins the swelling band of public figures with bogus qualifications.

Casseb, a seasoned divorce lawyer who took over the Texaco case from its ailing judge in October 1985, studied law at the University of Texas in the late 1930s, but he was oot awarded a degree, the college says.

Texaco still blames his summing up for the $10.53bn damages that bankrupted the company. In vain: the Texas bench does not require a law degree.

Infant industry ...

■Whitehall wits have dubbed it "frogspawn". It is a new manifestation of that perennial French concern, dating back to two world wars, about having a falling or static birthrate that, for instance, gives travellers with a "famille nombreuse" cheap fares on French railways.

France now wants others to share its preoccupation. President Mitterrand and Prime Minister Chirac tried to get it discussed at the EC budget crisis summit earlier this month, but, for some reason or other, the other 11 heads of government didn't quite have time for it.

Jean-Bernard Raimond, the French foreign minister, has now managed to persuade his fellow EC foreign ministers to agree that the French worry that "Europe cannot maintain its political, economic and cultural place in the world without a new impulse to its demographic dynamism" shoold be written into the summit agreements.

EC social affairs ministers are to be asked to draft a report on what to do about this shortage of Freoch and/or European babies by next year. Raimond has also proposed a grand gathering of European yooth foundations in Strasbourg to help tackle the problem.

Swedish joke

■What does it say on the bottom of a Finnish beer bottle?

Open other end.

David Gardner reports on Nicaragua's prospects as the peace talks pause for breath

Problems that will outlive the war


Daniel and Humberto Ortega: most exposed by the peace process

THE PEOPLE of Managua queued resignedly in the dry-season heat last week. For once they were not waiting for scarce beans or rice, but to hand in wads of Nicaragua's worthless currency, the cordoba, for new denominations with three noughts lopped off.

Tbe currency reform and accompanying economic stabilisation plan has been given an emotive name – an inevitability in a country run by former guerrillas, on a permanent war footing. It is called Operation Martyrs of Quilali, in memory of a busload of civilians killed recently by a mine laid by US-backed Contra rebels, who are fighting to overthrow the ruling Sandinista Front.

Despite the military codename, these long delayed reforms show that the Sandinistas are being forced to focus on the problems created by the prospect of peace. They can no longer count on the war against the Contras to mobilise the waning support for their revolution.

Peace came tantalisingly into view earlier this month when the US Congress turned down, by a narrow margin, President Ronald Reagan'e impassioned request for $36.5m (£21m) more aid for the Contras.

For their part, the Sandinistas have had to make a string of concessions to Washington and its US-allied neighbours, Costa Rica, Honduras, El Salvador and Guatemala, within the framework of a peace agreement signed last August in Guatemala by the presidents of all five Central American countries. The agreement has boiled down to a plan to tame the eight-year-old Nicaraguan revolution, with political liberalisation as the price of peace.

This became clear at last month's follow-up summit of the five leaders in Costa Rica. Under threat of more aid going to the Contras, the Sandinistas accepted direct negotiations with the rebels.

President Daniel Ortega and the other eight *commandantes* who form Nicaragua's collective leadership have angered some of their supporters by going back on repeated promises never to negotiate with people branded as US mercenaries. "We just don't see how we can reintegrate 15,000 Contras," says one middle-ranking Sandinista, "there's too much blood separating us."

Conscious of international scrutiny, the Sandinistas have lifted the state of emergency, restored the opposition's newspapers and radio stations, reinstated rights to organise politically and abolished the special tribunals used as e summary judicial weapon against suspected counter-revolutionaries.

These steps have been brushed aside by the Reagan Administration as window-dressing to hide the essentially authoritarian nature of the regime. However, this ignores the big debate within the Sandindista leadership. The measures were forced through by the Ortega brothers – Daniel, the President and negotiator, and Hnmberto, the general in charge of the army and architect of the 1979 insurrection. The Ortegas are establisbed as joint first among equals within the leadership and are therefore the most exposed by the peace process.

They have been brought to the negotiating table because the collapse of the mnch weakened economy is now seen as the greatest danger facing the revolution – outweighing the military threat from the Contras or the political risk of giving a freer rein to a divided opposition.

The war remains the central issue because it so profoundly affects the economy. Spending on defence, including related health and pnblic works items, absorbs about 60 per cent of the budget or 30 per cent of gross domestic product, according to a Planning Ministry official.

Nicaragua is rich in agricultural resources and, with only 3m inhabitants, it is underpopulated. But the war, the 33-month-old US trade and credit embargo and a catalogue of policy errors bave reduced the country to dependence on Soviet bloc hand-outs.

An Agriculture Ministry official described Nicaragua as having "an absolute shortage of foreign exchange on top of an absolute dependence on imports." Last year its exports earned $225m, compared with imports of $770m. With its largely unserviced foreign debt of $7.5bn, there is no credit available to finance the gap.

The Soviet Union, which provides all Nicaragua's arms and nearly all its fuel, last year told the Sandinistas they could not exceed their assigned oil quota. This is seen as a signal that Moscow wants a regional settlement.

Public spending has risen as a proportion of GDP from 21 per cent in 1981 to 47 per cent last year, creating a huge bndget deficit. Though the deficit was brought down 10 points last year to an estimated 15 per cent of GDP, this was done largely by holding wages behind inflation, which is roaring upwards at 1,500 per cent.

One result is that the black economy is almost certainly bigger than the formal one. More recently, there have been protests against food shortages and occasional strikes. Wages have been raised by up to five times as part of last week's measures.

The new exchange rate is supposed to anchor the plan. It is hoped that by freezing about 40 per cent of the money brought in by the currency changeover, dollar speculators will not find enough liquidity to do business (they are nevertheless already offering 55 cordobas to the dollar against the new 10-to-1 official rate.)

The two other main measures are to realign relative prices, ending a situation in which a water-melon could cost more than a gallon of petrol; and to abolish the foreign exchange subsidy in the old multi-tier exchange rates for imports.

The obvious hole in the plan is the war-induced deficit. In a war weary country, the Sandinistas can no longer assume that they have the majority of the population's support. One Latin American diplomat comments: "The political scene is full of minority parties and the Sandinistas represent the largest minority party."

This means that the balance of forces in the peace talks is not as unfavourable to the Contras as the congressional aid vote might have indicated.

The Contras are calling for wholesale political reform. They insist that a list of 17 opposition demands be included in the negotiations. This touches a raw nerve among the Sandinistas who fear that legalised parties will form "an internal front" with the Contras. Thus the Sandinistas have so far refused to discuss anything but a ceasefire and only the possibility of an amnesty.

Points of friction include the opposition'e insistence that the Sandinista Front, the regime's vanguard party, withdraw politically from the 65,000-strong army and security forces.

The Sandinistas regard this as a bid to disrupt compulsory conscription for 17 to 19-year-olds. Earlier this month, the regime was caught unawares by a mass protest against conscription in Masaya, the town near Managua where the insurrection that gave them power began. A heavy-handed round-up of 600 youngsters, only 29 of whom turned out to be eligible for service, caused a near uprising.

Both philosophically and practically, the Sandinistas see the army as the guarantor of the revolution. This was the unambiguous sense of President Ortega'e remark in December that if they lost an election they "would hand over the government, bnt never power."

Mr Virgilio Godoy, leader of the Independent Liberals, one of the three largest of Nicaragua's 11 opposition parties, sees life becoming much more complex for the Sandinistas in the event of peace. Mr Godoy, who served as Labour Minister until the 1984 elections which confirmed the Sandinistas in power, says: "The Sandinistas see the idea of peace as a time bomb, so it's going to be an armed peace."

Aid for industry

Making selective assistance work

By Tibor Barna

LORD YOUNG'S recently published plan for a reformed package of aid for industry has been attacked because of its introduction of selective assistance for regional development projects instead of the traditional non-selective approach.

There is, however, nothing revolutionary in selective schemes and the implied exercise of discretionary power by civil servants. Since the war, and especially since the 1960s, a minority of industrial aid schemes has entailed the use of discretion in the allocation of aid.

With colleagues at the University of Sussex, I studied the outcome of one of the schemes which involved the use of discretion by officials, that for the instruments and automation sector. Our report, published today*, was commissioned by the Department of Trade and Industry (DTI) but its conclusions were arrived at independently.

Section 8 of the Industry Act 1972 enabled assistance to be given where it was likely to benefit the economy and was in the national interest. Central to all schemes under Section 8 was the idea of creating leverage through grants to selected firms covering only a proportion of investment costs.

The instruments scheme ran from 1977 to 1979 and was relatively small: £10m was allocated to it, of which under £7m was actually spent. For a project to be eligible for a grant, it had to be demonstrated that the project would not have taken place without the grant or would have taken place later (a concept known as "additionality") and that it would advance instrumentation technology, particularly where this would strengthen Britain's trade balance. The two conditions, which were not present in most other Section 8 schemes, made it unavoidable that officials exercise judgment.

Having examined a number of projects and questioned in depth a number of firms, we have considerable doubt whether additionality can properly be defined and measured. Further, the requirement of additionality may introduce moral hazard into relations between the firm and the DTI, as well as increase the cost of administration.

We have nevertheless concluded that the requirement is a useful one. It made the firm look at itself more closely and examine whether it could improve its performance by enlarging or upgrading its fixed assets. It also gave the DTI an opportunity to assess projects in some detail and to offer advice. Indeed the most fruitful part of the exercise derived from contact between officials and the firm before an application was made and in many instances officials helped to improve the quality of the project.

In our view the judgment of officials was sound in the great majority of cases and the money allocated to the scheme was well spent; although this is difficult to prove conclusively, investment and technological progress have benefited. In no instance did we find that officials engaged in the game of "picking winners" or otherwise imposing their own views. Nevertheless the inquiry raised issues the answer to which is not clear cut.

First, the advantage of a selective, as against a non-selective, scheme is that it increases the leverage of a given amount of money provided by the government. Our scheme paid for 15 to 20 per cent of the cost of eligible projects and this appeared to be a sufficient incentive to achieve its objectives. It could be argued, however, that smaller firms need greater leverage to respond adequately.

Second, in any scheme there is a tendency to allocate most of the funds to large firms but in fact in our scheme smaller firms benefited proportionately more from advice as well as from the grant. Although in the scheme investigated the DTI appears to have been even handed in its treatment of small firms, perhaps there ought to be positive discrimination in favour of small firms.

Third, although there was no prejudice against foreign firms, officials tended to favour the process of "indigenisation" and thus helped to secure greater benefits from foreign investment. Perhaps this should be done more explicitly.

Fourth, the DTI supported some viable projects undertaken by viable subsidiaries of "bad" parents. We felt that in such cases a tougher attitude to the parent may have been warranted.

Fifth, selectivity may distort competition but only in the relatively rare case of competitive markets, for example in printed circuit boards. This problem was hardly significant in our industry but it may be of importance in other schemes.

Sixth, we tentatively thought that it might have been better (except in competitive product markets) to give more support to the stronger, faster growing firms and less to the weaker ones.

In spite of our favourable overall verdict on one particular scheme, improvements in administration can be suggested. On a number of issues (such as indigenous versus foreign firms, or parent to subsidiary relations) DTI officials had difficulty in deciding on policy. Detailed specification of "the national interest" or seminars organised by the Secretary of State might help. While officials gave useful advice to firms on technical matters, they appeared less able to help with the firm's managerial or marketing problems. Evidently there is a need for reinforcement from other areas of experience.

In almost all schemes the DTI underspent the funds allocated to it. This was due to excessive caution as well as delays. The need for streamlining the decision-taking machinery is obvious.

The author is Emeritus Professor of Economics at Sussex University

**"Government sectoral support for the instrument industry: a case study, Science Policy Research Unit, University of Sussex.*

Letters to the Editor

UK house price valuations

From Mr Sam Briddes.

Sir, Mr A. Magnus (Letters,February 16) suggests that UK house prices now include investment value in addition to intrinsic value. May I put forward another rationale for recent price rises?

Two decades ago, when the UK economy was in decline, our housing standards fell behind those of Europe and North America. For the last two years, most UK residents have enjoyed higher disposable incomes than ever before. With cars and holidays static in value terms, we have directed more disposable income into housing – by home improvements and trading up. The result has been e significant increase of house prices as a multiplier of gross income.

This multiplier will fluctuate, but is unlikely to return to its 1970 figure unless there is a catastrophic reduction in disposable incomes.

Thus UK house prices do reflect the true intrinsic values. (The fact that houses are also a good investment is a bonus.)

Sam Briddes,
76 Boston Place, NW1

No shortage of first time house buyers

From Mr Adrian Coles.

Sir, John Brennan's article on "London's Housing Crisis" (Weekend FT, February 20) raises a number of points which do not fully stand up to detailed analysis.

The article suggests that it is becoming increasingly difficult for first time buysrs to purchase property on the London housing market. Building societies' statistics just do not substantiate this.

For example, in the third quarter of 1987 oo less than 56 per cent of all building society loans given to house purchasers in Greater London went to first time buyers, compared to the UK national average of 46 per cent.

The number of first time buyers in the housing market has risen rapidly during the 1980s. In 1982, for example, building societies made loans to 47,000 first time buyers in London. The figure in 1986 was 69,000. Complete figures for 1987 are not yet available, but it is likely that a slight decline in the number of loans made by building societies to first time buyers will be balanced by an increase in the nomber of loans made by other organisations.

These figures suggest that Mr Brennan is putting the cart before the horse in saying that rising house prices are forcing first time buyers out of the market. Rather it is the record influx of first time buyers into the market that is forcing house prices npwards.

Mr Brennan deprecates ths fact that three quarters of the money raised in the form of secured secondary home loans goes back into bricks and mortar in the form of houee improvements and repairs; he suggests that there is a "more overtly productive use of this housing wealth" elsewhere. It is difficult to see why Mr Brennan thinks that the improvement and the repair of the housing stock is not a productive use of wealth; and indeed if there is any housing crisis, the state of repair of the housing stock would be one of the most important concerns.

Adrian Coles,
The Building Societies Association,
3 Savile Row, W1

High income tax frauds detected

From Mr F.A. Smith.

Sir, You report high-income tax fraud np (February 19), based on a Treasury statement that cases of fraud between £50,000 and £100,000 had jumped from ooe to 25 per annum between 1979 and 1986.

Onr experience is that – whatever the truth about high-income tax fraud increasing – there is no doubt that the Inland Revenue are putting much greater efforts behind the detection of it, and this is the main reason for the reported increase.

F.A. Smith,
Robson Rhodes,
186 City Road, EC1

German carnival celebrates freedom

From Dr Bodo Paul.

Sir, As a subscriber to the Financial Times Frankfurt edition I see no reason for Observer's "Tie-break" item (February 15) unless to describe how stupid the Germans are, how exotic, completely different from all other Europeans.

The carnival described, celebrated just before the beginning of Lent, is typical of the Rhine valley which runs, more or less, from Switzerland to at least the German-Dutch border. I am not from the region in question; most of the customs and practices of the carnival are as strange for Germans in other regions as they seem to be for Observer.

The carnival goes back more than 150 years, when French troops had occupied the Rhine area for the first time. Even today it is a demonstration of civic rights, for freedom and against bureaucracy, militarism and intolerance.

On one point "Observer's" memory did not serve: the day when ladies cut off men's ties is the Thursday before the Rose Monday.

Bodo Paul,
Seibertzweg 4,
4600 Dortmund 1,
West Germany.

Joint magazine venture with China

From Mr Michael Johnson.

Sir, Observer's item on the launch of Elle in China (February 17) incorrectly states that this is the "first publication of a western magazine" for the Chinese market.

The first was our joint venture: a translation of selections from International Management and Business Week, published in Peking under the name "International Business and Management." The Chinese do the translation, printing and distribution. We provide the editorial and sell advertising space worldwide. This has been a going concern since November 1986.

Michael R. Johnson,
McGraw-Hill
34 Dover Street, W1

'The manoeuvre robs the public Peter to pay the private Paul'

From Mr P.E. Heathfield.

Sir, Your leader ("Fair Pricing of Electric Power," February 22) focuses on one of the central issues in the electricity privatisation debate. It is time for some honesty on this subject from those in charge of running the industry, and from the Government itself. I challenge them to deny the following:

The Central Electricity Generating Board (CEGB), supported by the Government, argued that following the collapse of oil prices and the fall in international steam coal prices, British Coal should cut its price, so that the benefit could be passed on to electricity consumers. The revised joint arrangement between the CEGB and the British Coal Corporation (BCC) cut £300m from British Coal'e revenues.

The CEGB/Electricity Council/Area Boards made much of a 4 per cent price cut in 1986, but this merely removed an increase of the samc amount some months earlier.

The net effect has been that the coal price cut has not been passed on to electricity consumers, but it has fattened the pre-tax profits of the Electricity Council – for 1986-87 – by £299m.

Some of this increased profit has been clawed back by the Government: $126.5m through the corporation tax, applied for the first time last year. The remainder has gone back to the Government via the negative external finance limit (EFL) which raised £1.4bn in 1986-87, and is set to raise £1.2bn in 1987-88 and £1.04bn in 1988-89.

On privatisation the negative EFL will disappear, but will be replaced with a hngely increased corporation tax of at least £800m per year, according to the Electricity Council's medium term development plan. In other words the Government, even after the sale of £18bn of public assets, will still be milking the industry, the public and swallowing np British Coal's transferred profits.

The – totally unnecessary – 15 per cent increase in electricity prices will milk the public and industry for a further £1.7bn per year. Mr Cecil Parkinson, the Energy Secretary, argued that this was necessary because of the huge investment programme in the power stations – £40bn, he claimed. This is patent nonsense: the cost of 12.5 gigawatts new capacity and associated costs is struggling to reach £20bn. When the electricity industry has paid off its debt it will be self-financing without price increases of 15 per cent. The whole manoeuvre is simply one of robbing the public Peter to pay the private Paul. In the meantime, almost everyone slse will suffer: domestic consumers – especially the old and the poor – and industrial firms in highly competitive international markets. The south west, the north, and Scotland, where industry is still concentrated in spite of the Government'e efforts, will suffer most.

In 1986 the National Union of Mineworkers, together with the Trades Union Council, eupported the Quality Industrial Users' Scheme (QIUS) scheme, which cut electricity prices to intensive users (for example, steel, chemicals, glass and paper) by 15 per cent. The National Economic Development Council argued that if such a scheme were not introduced, up to 15,000 jobs might be lost throngh relocatioo abroad, or closures. Those industries won a £50m rebate – paid for by the coal industry, which lost £50m through the price cut set against a dedicated coal tonnage.

How many jobs are going to be lost now?

P.E. Heathfield,
Secretary, National Union of Mineworkers,
St James' House,
Vicar Lane,
Sheffield, South Yorkshire

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FINANCIAL TIMES

Wednesday February 24 1988

French newspaper widens protest

BY PAUL BETTS IN PARIS

MRS JACQUELINE Beytout, the controlling owner of Les Echos, the French business daily newspaper, yesterday launched a full-scale campaign in support of her £88m ($154m) sale agreement with the Pearson group, the publisher of the Financial Times, in the face of the French Government's controversial decision to hold up the transaction.

Mr Edouard Balladur, the French finance minister, decided on Monday to delay the implementation of the Pearson-Les Echos deal on the grounds that the shareholding structure of the Pearson group was not, or might not, be durably European.

The decision, which carries heavy political overtones in the run-up to the French presidential elections. It sparked a major controversy and the management and the editorial staff of Les Echos decided to halt publication yesterday of the business daily in protest.

Mrs Beytout said yesterday that she would be seeking legal advice but that she did not intend to fight the Government's decision in the French courts because it would take too long. She said such legal action could take at least four years. However, she indicated that if legal action were to be taken it would be up to the Pearson group.

Pearson has said it was seeking legal advice on the issue. The European Commission said yesterday it was monitoring the progress of the bid and emphasised that all parties should observe Community law pending the establishment of the facts.

Journalists at Les Echos expressed strong support yesterday for the sale to Pearson arguing that the independence of the French newspaper was likely to be far less at risk under the ownership of the British group than under the ownership of a major French media group with inevitable ties with the French political establishment.

The journalists and the management both dismissed as ridiculous the reservations of the finance ministry that the Pearson acquisition could create an excessive concentration in the French business press.

They noted there were already far larger concentrations in the French business magazine and publishing sector.

Mr Nicolas Beytout, editor of Les Echos, also fiercely criticised yesterday the Government's reservations over the durable European Community character of the Pearson group. He said that 70 per cent of Pearson's capital was in European hands and that Mr Rupert Murdoch, the Australian publisher with a 20.5 per cent stake in Pearson, had publicly pledged not to launch a takeover bid against Pearson.

On Monday, the Les Echos suspended publication for one day in protest over the delay.

Brussels opposes UK law on product liability

By Peter Marsh in London

THE EUROPEAN Commission has complained formally about British product-liability legislation to take effect from next Tuesday. The dispute concerns Britain's interpretation of a European Community directive and could result in the Commission's taking Britain to the European Court.

The complaint was made in a letter from Lord Cockfield, vice-president of the Commission, to Lord Young, Britain's Trade and Industry Secretary, and follows pressure by consumer groups on the Commission to force Britain to change its interpretation of the directive.

They claim it represents a watering-down of the intended EC legislation and may make it easier for companies to claim they are not liable for injuries caused by defective products in cases where the defects could not be forseen at the time of development.

The directive, which was issued three years ago and has been embodied as a section of the 1987 Consumer Protection Act, removes the need for a consumer to prove negligence on the part of manufacturer of a faulty product: the consumer simply has to prove a link between the product and an injury.

The argument arises out of the British interpretation of a deliberate loophole in the directive. This allows a manufacturer to defend a consumer action by claiming the relevant fault arose out of a problem in the product's development stage which could not be foreseen at the time.

The directive says that defence should succeed only if the maker of the product has used the highest standards of scientific and technical knowledge during the development.

The British legislation appears to imply that the manufacturer can succeed in this defence by meeting a less onerous criterion. The company merely has to prove it took appropriate steps to avoid a defect that were generally applicable in the relevant industry.

The British interpretation would "empty the directive of much of its content," the Commission said yesterday, saying it might go to the European Court to settle the issue.

Britain yesterday acknowledged a difference of opinion but said it was still waiting for Lord Cockfield's letter to arrive. The letter comes after several months of discussions between London and Brussels.

Mr David Tench, legal officer of the Consumers' Association, said Britain was being "truculent" and that its interpretation would make it too easy for companies to escape the provisions of the directive.

Britain manufacturers have in recent years attempted to lobby their Government to tone down some aspects of product liability legislation emanating from Brussels.

The Association of the British Pharmaceutical Iudnstry, wbose members could be involved in any legal battles over drugs, said it was broadly satisfied with the legislation.

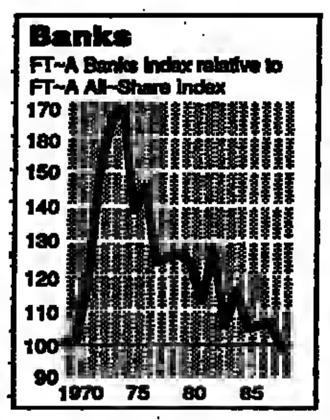
THE LEX COLUMN

Costly bargains for NatWest

The full horror of National Westminster Bank's investment banking debacle has now been revealed. Even for as solid an institution as NatWest, a £116m loss is a very big number; it is hard to imagine any other financial institution, in the UK at least, losing as much money as a result of the fall-out from the crash and Big Bang. The accident-prone Midland Bank might have been a candidate, but fortunately for its shareholders it did not have anywhere near as much capital as NatWest to throw at the problem.

NatWest may have made the tactical mistake when deciding to put together its investment banking operations of picking up a number of relatively small firms and growing its own business, rather than making major acquisitions. Whilst this was a cheap option initially, it has meant that NatWest Investment Bank has failed to achieve critical mass in a number of key areas, and in a bid to play alongside the big boys has been forced to take some unusual risks, of which the Blue Arrow underwriting is the most extreme example. Despite this week's bloodletting, NatWest is as keen as ever to continue its investment banking foray on the basis that five years from now a major commercial bank without a substantial operation of this kind will be losing ground.

After the events of the last few months there must be an element of doubt about the wisdom of this high-profile strategy. Nevertheless, the sheer scale of NatWest's financial strength means that it can far better afford taking this gamble than almost all its international rivals; and its shares, which are trading on a prospective multiple of half the market average, appear to have more than fully discounted the risks.



Britoil

The deal struck between BP and the Government over Britoil has all the appearance of a finely-drawn compromise. BP will have to live with an outside chairman for Britoil, and will be held to large commitments in the way of staff and expenditure north of the border, but in operational terms it has what it wants. No time limit has yet been set for the redemption of the golden share, which would obviously be an important safeguard against a future change of government, but BP is meanwhile free to push its Britoil holding up to 90 per cent and buy the rest in compulsorily.

The market was sniffing hopefully around the other golden shares yesterday, but it looks like slim pickings. The point about Britoil's share is that it relates to control rather than ownership, and saddles the Government with discretionary powers on how that control should be exercised. The only other share so constructed is Enterprise Oil's; the others all turn on the principle of ownership, so that any one holder with typically over 15 per cent can have his stake compulsorily sold down by the company under its Articles of Association.

Market optimists still look to Amersham, the oldest golden share of the lot, whose six-year guarantee of non-redemption runs out at the end of March. But for the Government to redeem that share would still take positive action, and after the Britoil fiasco there seems no reason to suppose it would do any such thing.

Markets

Time is running out for a pre-Budget rally, and yesterday's initial 25 point advance had none of the signs of the beginning of one. Despite the market makers' brave attempts to get things moving, it only took a dip on Wall Street - which was due for one anyway after the strength of the last few days - to spoil London's brief advance.

Everyone knows the arguments for a rally: the economy is strong, the pound is so steady that an interest rate rise now appears less likely, while the Chancellor is preparing for what could be the most bullish Budget speech in over a decade. The problem is that no one really believes the signs. The institutions now have about 10 per cent of their assets in cash, about three times as much as a year ago, but remain disinclined to start deploying it.

Such caution puts the UK increasingly out of sympathy with the rest of the world. Despite Mr Greenspan's soothing words yesterday, US growth is likely to remain lower than in the UK, yet Wall Street has risen more than three times faster than London so far this year. While a really terrible set of UK trade figures would start off fresh interest rate worries, London's present unease seems more intangible than that. Of course it may be that everyone else has got it wrong - especially the Japanese, who have pushed their market back up to just 6 per cent short of its personal best.

Macarthy/UniChem

Macarthy's proposed offer for UniChem may look a desperation move on several counts, but there could be method in it. Macarthy had to try something to stop friendly society UniChem from stripping points off its shaky 10 per cent of the wholesale pharmaceuticals market - which UniChem looks like doing with last month's offer of discount priced shares to its customers/members in proportion to their business with it, ahead of a 1990 flotation. Macarthy Chairman Nicholas Ward has responded by turning forced bidder.

What he is bidding for, of course, is not even a company yet - and will never be one unless 75 per cent of the society's members vote to make it so. But though the market took a sceptical view of Mr Ward's ambitions yesterday, the bid could have two further consequences: to focus public attention on the disguised price discounting involved in the UniChem scheme (AAH, the market leader, may call tomorrow for both the scheme and the bid to be referred to the OFT); and perhaps more important, to whet further the appetite of UniChem's chemist members for capital gain.

This they can achieve in any of three ways. They can accept Macarthy's offer of shares and/or cash over three years - though they would be foolish not to hold out for a higher figure; they could stick with the UniChem management's plan to float the society in 1990; or they could vote to float the company now. The last option would stop UniChem buying market share on the cheap, and would no doubt please Mr Ward more than paying an eventual price for UniChem which could seriously dilute earnings.

Peter Montagnon in London reports on a nation being weaned off oil revenues

Nigeria learns how to diversify

EARLIER this month the Nigerian Government abruptly raised the price of phoning Europe from Lagos more than sevenfold - from Naira 3 to Naira 22 ($5.2) a minute.

The move astonished Nigerians long-used to the frustration of waiting hours for a connection. Suddenly the lines were decongested and, for those willing to pay the higher price, it was possible to establish an almost immediate connection with the outside world.

This is one small example of the potentially swift impact of structural adjustment on the day-to-day workings of the local economy. Part of the adjustment programme, on which Nigeria has been working with the World Bank for nearly two years, involves precisely such an increase in efficiency through the elimination of subsidies on public services which have been a chronic drain on national finances.

Yet, with local industry still firmly wedded to the idea of import substitution, the programme has been much slower to take hold of what must be one of its most important ultimate objectives - that of weaning Nigeria away from economic dependence on the capricious price of oil.

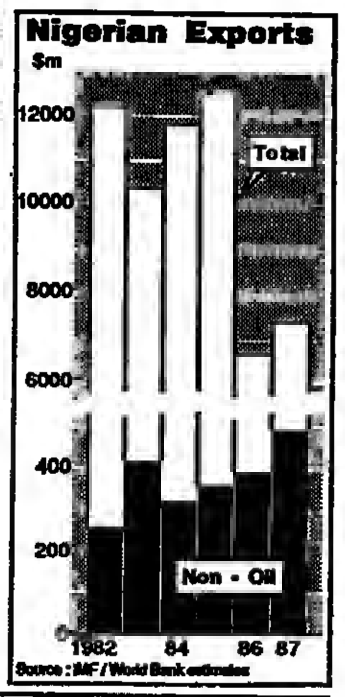
Non-oil exports are still increasing only very slowly, and oil still accounts for well over 90 per cent of export revenues that last year totalled some $7.4bn.

"All along we've depended for our existence on our revenue from oil. It's absolutely essential that we diversify," says Chief Ernest Shonaken, Chairman of the local Unilever affiliate, UAC.

Developing an internationally competitive industrial sector has proved easier said than done, however, for a country whose problems have been exacerbated by a dramatic decline in living standards. According to the World Bank, per capita Gross National Product has fallen to just $360 from over $800 before the economic crisis set in in the early 1980s.

Nigeria has approached this problem with a conventional trade policy programme which attempts to reallocate economic resources in such a way as to improve efficiency and stimulate competition.

President Babangida's tariff reform announced in the budget has upset the World Bank, already concerned about Nigeria's system of petroleum subsidies. The bank sees the subsidies as a tax on the economy



Its prescriptions elaborated with the World Bank are by now familiar in many parts of the developing world. They include: the removal of such physical impediments to trade as import licenses; the establishment of a realistic exchange rate; the elimination of subsidies; the rehabilitation of infrastructure and reform of the tariff system to reduce trade protection.

Already the economy has reaped some benefits. The Naira is now worth less than a quarter of its value in January 1986 when it stood at rough parity with the dollar. Its fall has prompted a revival of agriculture as commodity prices have increased in local currency terms. Once again Nigeria is exporting cocoa with sales worth $324m in the nine months to June last year, according to government figures.

Yet despite its broadly positive response to the replacement of import licences with a market-based foreign exchange auction system, manufacturing industry is still in the doldrums. Businessmen complain that the cost of imported inputs has risen. Apart from a few isolated examples such as textiles and, to a very limited extent, beer, there is no sign that the lower Naira has prompted an export drive.

Capacity use is not much more than at one-third overall, and less than 10 per cent in the beleaguered automotive industry. Translating the adjustment measures taken so far into a revival of domestic industry is now one of Nigeria's main practical challenges.

Among the World Bank's outstanding priorities is a further attack on subsidies, notably that on petroleum which it regards as a wasteful tax on the economy, not least because it has led to the widespread smuggling of cheap Nigerian petrol to neighbouring countries.

It is also unhappy with the full-scale tariff reform announced by President Ibrahim Babangida in this year's budget. Initial estimates suggest this will reduce average nominal tariff rates to 25 per cent from 31 per cent, but they will rise again to 28 per cent from 1990, reducing the pressure on local industry to become more competitive internationally.

Removal of the petroleum subsidy was ducked in the budget. It is politically risky for a government worried about increasing the cost of public transportation which already eats heavily into the average Nigerian personal budget. Equally, it is both politically and culturally hard to persuade industry to accept declining protection.

Nigeria is at a disadvantage compared with a middle-income oil producer such as Mexico which bas reduced its oil export dependance on oil to less than 50 per cent from 79 per cent at its peak.

It lacks a readily available export market in the form of the US just across the border, and it is handicapped by a delapidated infrasture with notoriously unreliable power supplies which force factories to install expensive and wasteful private standby generators.

Nigerian businessmen know these factors prevent them aspiring to the export dynamism of a Korea or a Taiwan. If anything, the lower Naira has made them even more inward-looking.

Mr Daniel Lange, managing director of Peugeot's Nigerian affiliate, argues that the car industry needs a net protection rate (tbe difference in dnty rates between imported cars and compouents imported as input for local assembly) of 40 per cent instead of 25 per cent at present.

The dilemma facing Nigerian planners is whether to give in to such arguments. If they do, the risk is that the wrong industries will benefit and Nigeria will never develop a thriving non-oil economy. Withdrawing protection, might be the orthodox way of weaning Nigerian business away from import substitution, but the danger is that whole industries would die, adding to the country's growing unemployment problem.

US splits with Pakistan on Afghanistan

BY OUR FOREIGN STAFF

THE US will not support Pakistan's demand for an interim government to be established in Kabul before a Soviet troop withdrawal from Afghanistan, a senior US official said yesterday.

"We wouldn't want to miss the bus. We've been trying to get the Soviets out for years and it would be wrong to tell them to stick around until the Afghans work out a political settlement," the official told journalists travelling from Moscow to Brussels with Mr George Shultz, the US Secretary of State.

This is the first indication during the nine-year occupation that the US has split with Pakistan, its closest ally in the region. It shows that the superpowers' desire to resolve this regional conflict in advance of the next Gorbachev-Reagan summit, expected this summer, overrides their partisan loyalties in the region.

At the same time Afghan mujahideen leaders yesterday modified their demands on the composition of a government, although their latest plan would still give them absolute control of the Government.

Mr Shultz was on his way to Nato headquarters in Brussels to brief Allied Foreign Ministers on his talks with Mr Mikhail Gorbachev, the Soviet leader, and Mr Eduard Schevardnaze, the Soviet Foreign Minister.

Pakistan and Afghanistan meet next week at the resumed peace talks in Geneva under UN auspices, following Mr Gorbachev's announcement that he wants to start pulling his troops out in May, providing agreement can be reached on the withdrawal timetable.

Pakistan has recently been threatening not to sign the withdrawal agreements before a broad based coalition interim government is in place in Kabul.

Although Mr Shultz bas endorsed the idea of an interim government in Kabul as a means of creating stability for the orderly departure of an estimated 115,000 Soviet troops, he clearly does not regard it as an issue which should be allowed to jeopardise the propsects of a Soviet pull-out.

The Soviets are insisting that the composition of a government is a matter for the Afghans alone.

Another senior official on Mr Shultz's aircraft said US intelligence reports indicated that Soviet troops in Afghanistan were being "garrisoned in a more defensive way" and their dependents were already being withdrawan.

Other military personnel were not being replaced.

The seven-party Afghan guerrilla alliance based in Islamabad proposed that their leaders will form a supreme council to oversee the interim government in Afghanistan.

A Cabinet of 28 ministers would serve under the council and would include 14 ministers from among the mujahideen, plus seven from among the refugees and seven from "Moslems living in Kabul."

Cry for aid in Rio

Continued from Page 1

would surrender their prime locations in the south zone, close to work and the beach, for a drab municipal but in the hinterland.

Nobody knows exactly how many of greater Rio's 13m inhabitants live in the slums but it is almost certainly more than half. And, as in so many cities, it is not what you live in but where you live that carries the ultimate status among the poor.

Appeals to the population to abandou their bomes have largely fallen on deaf ears. For the superstitious majority, so long on the precipice between disaster and survival, it is all down to chance anyway.

As ever in tragedies, symbols have taken on a bizarre importance. For the first time in years, the rains have cut the floodlights illuminating the statue of Christ the Redeemer, who towers over the city from the peak of Corcovado.

The Church says his outstretched arms symbolise forgiveness and redemption. But the more cynical claim it is a gesture of exasperation and despair at the stubborn, foolhardy courage of the citizens below and the poverty that seems eternally destined to entrap them.

Relief funds from Western governments began to flow into Rio to help pay for rescue operations and repairs, Reuter adds.

Thousands of Brazilians have given clothes, food and other relief supplies at schools and churches.

WORLD WEATHER

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County NatWest losses

Continued from Page 1

new chief executive will be sought.

The details of County's losses were contained in NatWest's final results for 1987 which showed sharply reduced profits of £704m, down from £1,011m the previous year.

Although profits were hurt by County, the largest impact was made by NatWest's decision to make a further provision of £759m, including £610m for doubtful loans to Third World countries. This brings NatWest's provision cover to the equivalent of 33 per cent of its total £2.47bn loan exposure to 33 countries in financial difficulty.

NatWest said it has made the top provisions indicated by the matrix prepared by the Bank of England as a guideline for banks. The Bank has tried, for competitive reasons, to discourage strongly capitalised banks such as NatWest from making excessive provisions

Despite the reducod results, however, NatWest increased its dividend by 17 per cent

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday February 24 1988

Move to ease fears over stability of First Republic Bank

BY ANATOLE KALETSKY IN NEW YORK

THE US COMPTROLLER of the Currency has moved to ease concerns about the stability of First RepublicBank, the large Dallas-based bank holding company which last month reported an alarming deterioration in its loan portfolio as well as a $348m quarterly loss.

Mr Robert Clarke, the comptroller, denied rumours that a study of the $33bn bank's books being conducted by his bank examiners foreshadowed a government-backed rescue or forced merger.

His officials were conducting nothing more than "a routine multinational bank examination," Mr Clarke told a news conference in Washington on Monday night.

This procedure was "not unusual" and had been planned several months ago.

"It concerns me that simply because we have examiners at a bank, its financial health is questioned."

He rejected comparisons made in the Texas press between the financial plights of First RepublicBank and Continental Illinois, the big Chicago bank which was rescued by the Federal government in 1984.

Unlike Continental Illinois, which had no retail branches and was heavily dependent on volatile foreign deposits, First RepublicBank had a large stable base of Federally-insured retail accounts.

This put it in a much stronger funding position than Continental, Mr Clarke said.

The bank pointed out that foreign money accounted for only 8 per cent of First RepublicBank's total deposits in mid-February, while 88 per cent of the bank's funding came from "core deposits," including government-insured retail accounts, regional sources and non-interest bearing funds.

The same point was underlined yesterday by analysts on Wall Street, who said there was no immediate threat to First RepublicBank's financial stability, despite the sharp fall in its stock price since the fourth-quarter results were published a month ago.

The bank's shares have languished between $1½ and $3, during the past month, compared with a peak of $25¼ last summer.

Mr Jim McDermott, a bank analyst at Keefe Bruyette & Woods, said First RepublicBank would continue to "limp along" in the next year, provided its 1988 losses could be confined to the figure of about $450m.

UK GOVERNMENT DROPS GOLDEN SHARE VOTING POWERS

BP wins right to control Britoil

BY PETER RIDDELL AND MAX WILKINSON IN LONDON

BRITISH PETROLEUM the leading UK oil group, has been given the go ahead to take control of Britoil, the Glasgow-based independent oil producer. This follows undertakings given by BP to the British Government about the development of North Sea oil assets and future employment in Scotland.

Mr Nigel Lawson, the Chancellor of the Exchequer, told the House of Commons that in return for these assurances the Government would not exercise its special, or golden, share which allows it to outvote all other shares and block any change of control.

Under its bid, extended to close tonight, BP already has 80 per cent of Britoil's shares.

The decision was attacked by Mr John Smith, economics spokesman for the opposition Labour Party. He questioned the value of the undertakings, especially in relation to Scotland, and said BP had rolled over Mr Lawson.

Mr Lawson defended BP's "substantial public assurances" and said the golden share would be retained for the time being.

After a period the Government would review, "in the light of the way these assurance have operated, when the special share should be redeemed."

The assurances follow detailed talks with the Government over the past three weeks and mainly concern Britoil's position as a major employer in Scotland and its activity in the North Sea.

In particular, BP has undertaken:

- To seek to achieve an increase of at least 5 per cent in recoverable reserves from Britoil's North Sea fields,
- To increase exploration substantially, with plans to spend between £300m and £325m ($510m and $552.5m) a year by 1990 on combined BP and Britoil North Sea exploration, compared with about £200m this year (although this is well down on the level of the mid-1980s following the fall in oil prices),
- To make Britoil's office the business headquarters for the management not only of the combined UK upstream assets but also of BP's Norwegian and Irish interests - with the overall number of employees not falling because of the acquisition,
- To move at least between 50 and 75 senior BP executives and staff to Scotland,
- The Britoil board will be chaired by a new non-executive chairman without any previous BP connections, whose appointment will be agreed between the government and BP.

Tory MPs, including those from Scotland, welcomed the news, although Mr Donald Dewar, Labour's Scottish spokesman, called it a "sad retreat." Independence and a Scottish perspective had been lost.

Replying to opposition concern over the Kuwaiti Investment Office's near 20 per cent stake in BP, Mr Lawson said there was no question of control moving to Kuwait. He was confident BP would remain British.

Steven Butler adds: BP said yesterday that Lear Petroleum, financially troubled Dallas-based gas transmission company, had accepted its $250m takeover bid.

The acquisition is BP's biggest expansionary move in the US since it bought the outstanding minority holdings of Standard Oil last summer and is seen as the beginning of a possibly much large presence in the US gas market.

UniChem rebuffs £71m takeover bid by rival Macarthy

BY DAVID WALLER IN LONDON

UNICHEM, the UK pharmaceutical wholesaler which will seek a London stock exchange listing in 1990, yesterday rebuffed a £71.3m ($125m) takeover approach from Macarthy, the quoted healthcare group.

Macarthy, which has 10 per cent of the UK pharmaceutical wholesale market, said that a link with the larger UniChem, which has a market share of about 22 per cent, would bring substantial commercial benefits to both Macarthy and the 4,200 retail chemists which own UniChem.

The combined group would be the largest in the £1.6bn annual UK market, which is presently dominated by Vestric, a subsidiary of AAH, a quoted company with a 28 per cent market share.

Mr Peter Dodd, UniChem's chief executive, rejected all arguments in favour of a merger with the claim that the approach was a defensive ploy designed to protect Macarthy's business from the effects of a controversial incentive scheme introduced by Unichem in January.

Under the scheme, chemists are entitled to buy new Unichem shares at a substantial discount to the price they are likely to fetch when Unichem comes to the market at the turn of the decade. The right to subscribe for these shares is tied to the level of spending with UniChem.

"Macarthy has lost a lot of market share as a result," said Mr Dodd yesterday. "It is attempting to buy back that lost business on the cheap before it is reflected in its share price. The bid is derisory and is the last desperate throw of a despairing gambler."

Mr Dodd said yesterday that UniChem had won 320 new accounts since the scheme was introduced, 77 of which were former customers of Macarthy. "My estimate is that we will be taking £3m a month from their wholesale trade as of March 1."

Mr Nicholas Ward, the former Guinness director who is now Macarthy's chairman and chief executive, dismissed these claims as attempts to extract a higher offer for the business.

Last week, UniChem announced pre-tax profits of £7.8m on sales of £544.6m in 1987. Macarthy made total pre-tax profits of £5.6m on £297.1m turnover, of which an estimated £250m came from its wholesale activities.

Macarthy's shares closed 7p down at 310P yesterday.

Texaco to pay $1.25bn to end price row

BY JAMES BUCHAN IN NEW YORK

TEXACO, the US oil group which recently promised to pay $3bn to settle a long-running dispute with Pennzoil, is to pay $1.25bn to the US Government to bury a quarrel over oil and refined product prices in the 1970s.

Howaver, the company, which is operating under Chapter 11 of the US Bankruptcy Code, said it had already set aside profits to pay the claim. The settlement would not reduce current earnings.

The settlement, which covers disputes with the Department of Energy about pricing while Federal price controls were in force between 1973 and 1981, would be spread out over a period of five-and-a-half years. Texaco would pay $400m when the agreement was concluded, $190m 18 months later and $165m in four annual instalments.

Mr James Kinnear, chief executive, said: "Conclusion of these matters will free Texaco from years of additional and costly litigation – allowing us to concentrate our efforts on making our company stronger and more productive as wa emerge from Chapter 11."

The disputes arise from differences of opinion over whether oilfields should be classified as containing price-controlled "old" oil or decontrolled "new" oil.

Texaco hopes to emerge from bankruptcy on April 14. It sought refuge under Chapter 11 to escape enforcemant of damages awarded to Pennzoil over Texaco's purchase of Getty Oil.

Deere advances to $67m

BY OUR NEW YORK STAFF

DEERE, the leading US farm equipment manufacturer, made a net profit of $67.5m or 99 cents a share in the three months to January 31, but $28.7m of this was due to a change in accounting rules which benefited its finance and insurance subsidiaries.

In the year-earlier quarter, the first of Deere's fiscal year, the company made a net loss of $192.6m or $2.84 a share, due mainly to the effects of a strike at its US production facilities.

Deere said its core manufacturing and marketing operations earned $16m in the latest quarter, including a tax credit of $7.2m. Meanwhile, the company's finance and leasing subsidiaries made $35.9m, including a $25m accounting gain.

Insurance businesses made $14.7m, including accounting benefits of $3.7m.

Deere said that retail sales of agricultural equipment increased significantly in the first quarter and there were also gains in prices and operating efficiencies.

Net sales in the US and Canada were $827m, while overseas net sales were $218m.

Kodak-Fuqua joint venture delayed by Texas court

BY OUR NEW YORK STAFF

THE MERGER of the photo-finishing operations of Eastman Kodak and Fuqua Industries was temporarily blocked by a Texas court yesterday shortly before the deal was due to be completed.

The Fort Worth court was acting on a suit brought by Phototron, a California competitor, which alleged the merger would give the venture a dominant share of the US market. The temporary injunction will allow time for a full trial once Phototron has posted a bond.

The court was due to decide later yesterday how big a bond Phototron must post to cover any losses Fuqua and Kodak would suffer from the delay if Phototron's suit fails. The Justice Department and the Federal Trade Commission, the agencies which regulate competition, have already approved the merger.

The joint venture, announced late last year, capped Kodak's efforts to reassert itself in the photo-finishing market. Its share had slipped to under 10 per cent, because of cheaper, imported chemicals and papers and strong competition among independent finishers.

Kodak fought back by buying up several large finishers and then proposing to merge its operations with Fuqua.

Together they would operate 94 laboratories across the country. Kodak declined to estimate the joint-venture's market share but industry analysts believe it would be about 25 per cent of the $4bn a year business at a retail level.

Setback for Federated

BY OUR NEW YORK STAFF

EFFORTS BY Federated Department Stores to repel a $6bn takeover bid from Campeau, the big Toronto-based property and retailing group, suffered a setback when a US district court overturned a hastily-passed state law designed to thwart the bid.

The court in Cincinatti, Federated's home town, ruled as unconstitutional a law rushed through the Ohio state legislature last week to impede foreign takeovers of local companies.

In his ruling on the law, Judge Carl Rubin said: "A state may not enact laws which discriminate against foreign commerce or which may adversely affect interstate commerce by creating a risk of inconsistent state legislation."

Campeau appealed against the law which, it said, was affecting its ability to raise financing for its offer.

Federated, which runs the largest chain of department stores in the US and includes such well-known businesses as Bloomingdale's and Lazarus, has rejected a $66-a-share offer from Campeau, which bought Allied Stores last year.

CGE sees FFr1bn surge in profits

BY PAUL BETTS IN PARIS

COMPAGNIE GENERALE d'Electricité (CGE), the French telecommunications and heavy engineering group, expects to report net profits of more than FFr2.7bn ($471.2m) for 1987, compared with FFr1.72bn the year before.

The group said yesterday that turnover had increased by 58 per cent, to FFr127.5bn from FFr80.9bn a year earlier. It pointed out that the upturn largely reflected CGE's acquisition of ITT's telecommunications businesses as well as the railway activities of the Jeumont-Schneider group.

Mr Pierre Suard, chairman, also announced that the gross dividend was to go up by 12 per cent to FFr11.25 a share for 1987.

In recent weeks, CGE has increased its stake in Société Générale de Belgique, Belgium's biggest industrial and financial holding company and the target of a takeover bid by Mr Carlo De Benedetti, the Italian entrepreneur. CGE now holds 4.5 per cent of the Belgian group.

Pierre Suard: announced increase in dividend

Mr Suard said CGE was siding with the parties who wanted "to ensure the continuity of La Générale," implying that CGE was in league with the group led by Compagnie Financière de Suez, the big French financial group.

CGE, which has close ties with La Générale, has followed closely the takeover battle for the Belgian company. La Générale owns 5.2 per cent of Alcatel NV, the telecommunications venture controlled by CGE, as well as a 1.8 per cent stake in CGE itself.

CGE is also taking a leading role in the takeover battle for Télémécanique, the French factory automation and engineering company which is the target of a hostile bid by the French Schneider conglomerate.

Framatome, the French nuclear power plant manufacturer 40 per cent controlled by CGE, has now assumed the role of "white knight" for Télémécanique.

Mr Suard indicated yesterday that CGE had intervened in the Télémécanique takeover battle at the request of the company, whose management and employees have mounted a public campaign against the Schneider bid.

CGE's other main acquisition during the past eight months was a controlling stake in Générale Occidentale, the diversified group, from Sir James Goldsmith. Mr Suard confirmed yesterday GO's plans to develop its publishing interests while shedding several assets.

Last week, GO merged its book publishing activities with those of the French CEP publishing group to form the second and largest French book publishing venture after Hachette.

Although Mr Suard claimed GO was not interested in expanding in the general-interest press, he indicated the group had no intention of shedding control of L'Express, the French weekly news magazine.

He deflected questions over reports that GO was interested in acquiring Les Echos, the French business daily, whose sale to the Pearson group has been held up by the French Government.

ABB bids for rest of Fläkt

BY SARA WEBB IN STOCKHOLM

ASEA BROWN Boveri (ABB), the newly-merged Swedish-Swiss electrical engineering group, yesterday announced a SKr1.74bn ($288.5m) cash bid for the outstanding shares in Fläkt, the Swedish environmental control company in which it already has a 50.4 per cent stake.

ABB is offering SKr435 a share, which represents a 25 per cent premium on Monday's closing price of SKr348. The acquisition would strengthen the group's position in the North American and Asian markets, and in the power sector.

Fläkt's main business areas are in industrial processes such as air pollution control, industrial drying, ventilation and air conditioning systems. Last year, turnover reached SKr11.73bn and profits after financial items were SKr295m.

Fläkt claims to have about 15 per cent of the world market in industrial processes and 35 per cent of the Nordic market in indoor climate control systems, such as ventilation and air conditioning.

ABB said the acquisition would allow further developments in the power sector, which accounts for about 40 per cent of group turnover.

The group expects to see increased demand for coal-fired power stations and said that Fläkt could play an important role in supplying air pollution control systems for new plants.

Before the merger with Asea of Sweden, Brown Boveri had a strong position in the European market with its coal-fired power stations. Fläkt could benefit from this strength to expand in the European market, the group said.

ABB has set its sights on expansion in Asia and North America. Between 10 aod 15 per cent of Fläkt's sales are to the North American market, where it is the leader in industrial drives.

Gadelius, Fläkt's trading subsidiary, sells ventilation equipment and drying systems in the Nordic countries, Japan and other parts of Asia.

The ABB deal could also enable Fläkt to expand its existing indoor climate control operations – which account for about 50 per cent of turnover – into the refrigeration, freezing and cooling areas. There would be opportunities for synergy in research and development and electronics fields.

ABB said it expected the offer to succeed as it already had the consent of the other main shareholders, including Skandia, Trygg-Hansa, the Fourth National Pension Fund, and the mutual funds of Svenska Handelsbanken and the Swedish Savings Banks.

Brown Boveri plans staff cuts, Page 28

De Benedetti builds on stake in La Générale

By Tim Dickson in Brussels

MR CARLO De Benedetti, the Italian businessman whose attempt to win control of Société Générale de Belgique has now entered its sixth week, claimed yesterday that he and his allies had increased their stake in the embattled Belgian holding company.

At the same time, Mr De Benedetti, who was in Brussels for talks with Mr Wilfried Martens, the country's caretaker Prime Minister, and other senior officials, launched what he called "a reasoned appeal" for a "constructive solution."

He said: "It is necessary for the representative shareholders to sit down and talk about clear principles, the company's industrial strategy, the means of effective management and the revitalisation of the company."

The De Benedetti camp indicated that it now controlled 43 per cent of the target company, compared with the 38 per cent holding previously disclosed.

Mr De Benedetti said that friends had been bnying shares, which explained the increase in his holding.

However, the fate of La Générale still appears to hang in the balance. Mr De Benedetti's main rival, a Franco-Belgian group, claims to control more than 50 per cent of the company.

Swedish bank pays more despite fall

BY OUR STOCKHOLM STAFF

SVENSKA Handelsbanken, Sweden's third largest commercial bank, showed a 13 per cent drop in operating profits to SKr2.62bn ($434.4m) last year, failing to match the record profits set in 1986 when Swedish banks reaped the benefits of deregulation in the markets.

The board proposed increasing the dividend from SKr3 to SKr3.5.

Group income dropped 6 per cent to SKr5.17bn in 1987, although interest income rose by 2 per cent to SKr3.82bn.

The bank said provisions and other income fell by 24 per cent because of unfavourable developments in the share, bond and money markets during 1987.

Handelsbanken was hit by options losses of SKr307m in the autumn, arising from the trading activities of two employees who were subsequently fired.

The bank's insurance policy will cover SKr200m of the losses, but the remaining shortfall was carried by the bank.

Altogether, losses last year totalled SKr2.35bn, an increase of 8 per cent. Credit losses were reduced by 33 per cent to SKr199m.

Return on equity after tax fell from 25.1 per cent to 19.6 per cent.

Austrian holding group raises dividend to 25%

BY JUDY DEMPSEY IN VIENNA

CONSTANTIA Industrieholding, one of Austria's most successful public companies, has reported an increase in turnover for 1987 and a three point dividend rise.

Shareholders will receive a 25 per cent payout for last year compared with 22 per cent in 1986.

The group said that in spite of last year's stock market crash, Constantia's shares had performed "well throughout 1987" and had fallen less than 10 per cent since October.

Turnover, including all group subsidiaries, rose from Sch8.91bn ($748.5m) in 1986 to Sch10.02bn.

Cash flow increased from Sch873m to Sch976m over the same period.

Profits, which reached Sch820m in 1986, have yet to be announced. However, an official for Constantia said he expected them to be about 10 per cent higher.

The group is made up of several divisions, including pulp and paper production, paper products, ski lifts and skiing equipment as well as computer and data processing accessories.

The group was listed on the Vienna Stock Exchange in Feburary 1986. Its capital stands at Sch320m.

Forestry products help Rauma's return to black

BY OLLI VIRTANEN IN HELSINKI

RAUMA-REPOLA, the Finnish shipbuilding and forest products group, staged a strong recovery last year, notching up a pre-tsx profit of FM120m ($29.2m). This compares with a deficit in 1986 of FM319m.

Turnover rose by 22 per cent to FM8.57bn, largely due to the acquisition of Rosenlew, the Finnish metal industry company.

The group attributes its recovery to the forest products division which enjoyed strong demand in its main export markets.

The value of pulp and paper production rose by 25 per cent to FM2.34bn.

The engineering division boosted sales by 34 per cent to FM2.4bn after a number of acquisitions, making it Rauma's largest division.

Net turnover in the shipbuilding division fell by 7 per cent to FM1.18bn.

Rsuma said ssles in the mechanical forest-industry division dropped by 5 per cent to FM1.75bn. A number of sawmills were sold during the year.

The company drew up its accounts under international accounting principles.

Cap Gemini in link with Bull

By Our Financial Staff

MACHINES BULL, the French state-controlled computer group, has formed a joint venture specialising in value-added telecommunications networks with Cap Gemini Sogeti, the French software company.

The new company, Société d'Exploitation de Réseaux et Services (Sera), will be 51 per cent controlled by Cap Gemini's Sesa unit and 49 per cent by Bull.

The companies gave no financial details.

Value-added networks enable data to be sent between computers by telephone lines. The agreement follows last week's accord between IBM of the US and Sesa to set up a computer systems integration company.

Acquisitions boost News results

BY BRUCE JACQUES IN SYDNEY

BIG CONTRIBUTIONS from recent acquisitions in Australia brought News Corporation, Mr Rupert Murdoch's international media group, record interim net profits of A$227.3m (US$163.5m), up 24.3 per cent from the previous A$182.9m.

The result for the six months to December came on a 13.1 per cent revenue boost to A$2.97bn from A$2.66bn. The interim dividend has been raised from 3 cents to 4 cents a share, but this still represents a payout of only A$10.7m on the company's 266.4m issued shares.

The results reflected a 179.4 per cent earnings boost, to A$122m from A$47.3m, in Australian operations, where revenue was up by 80 per cent to A$831.3m from A$461.6m. This follows News's A$2.2bn acquisition last year of the Herald and Weekly Times, which has given the company control of something approaching 70 per cent of Australia's print media.

The US remained the group's main source of earnings in the half year, although its contribution fell by 17.8 per cent to A$191.9m from A$233.3m on a 12.2 per cent dip in revenue to A$1.3bn from A$1.5bn.

The group's UK results made up for most of this decline, with earnings up by 25 per cent from A$132.5m to A$166.6m on a similar lift in revenue from A$634.6m to A$793.5m.

Directors said the rise in equity-accounted profit was attributable mainly to acquisitions in Australia and the Pacific Basin, better UK publishing results and foreign exchange trading gains. "The first-half profit was partially offset by reduced earnings in the US and lower dividend income," they said.

"The impact of acquisitions in Hong Kong (where Mr Murdoch controls the South China Morning Post) and Australia had a considerable effect on results for the first half. This was coupled with a stronger profit performance from all divisions. Strong growth in revenue and profits of the (UK) newspaper division continued."

On the lower US results, directors pointed out that they compared with a buoyant first half in the previous year with two successful releases from Twentieth Century Fox Film. "Results from the seven owned television stations were below expectations and the newspaper division result was disappointing, particularly the New York Post," they said.

Mr Murdoch has just agreed to sell the New York Post, while in the UK, his main recent thrust has been to amass a stake of just over 20 per cent in Pearson, owner of the Financial Times.

The results came despite a big lift in the group's interest bill from A$169.3m to A$286.8m but included a A$57.1m gain on foreign exchange trading compared with an A$32.6m credit previously. Trading figures excluded, however, A$100.3m in extraordinary profits, against A$7.2m previously, which took available earnings to A$327.6m, up 72 per cent on the previous A$190.1m.

Dividends received eased from A$33.6m to A$14.1m and depreciation charges rose from A$55.6m to A$66.5m. The board said the increase in interest expense had effectively been offset by an A$64m reduction in preference dividend payouts. This reflected the repayment of preference capital issued when the group acquired Fox Television.

The net extraordinary gains result primarily from the exchange by shareholders of a subsidiary's preference shares into shares the group owned in Reuters together with the gains on the sale of the group's aviation magazines in the US," News added.

The results were further complicated by an A$20.8m goodwill amortisation item, compared with A$21.85m last time, and a big lift in the share of associate profits equity-accounted from A$49.2m to A$58.5m.

Net of these charges, trading profit rose by 17.1 per cent from A$409.4m to A$479.4m. A 13.1 per cent reduction in tax expense from A$48.6m to A$42.2m taken with profit from associates and the goodwill item left net trading profits down at A$232.4m against A$252.4m.

BHP share proposal clears two hurdles

BY JOHN MCILWRAITH IN PERTH

THE RESTRUCTURING of the share register at Broken Hill Proprietary (BHP), Australia's largest company, cleared two important hurdles yesterday. Shareholders of Mr Robert Holmes à Court's Bell Resources unanimously voted to approve the sale of about 19 per cent of BHP back to the company for A$2.1bn (US$1.6bn) and the National Companies and Securities Commission (NCSC) said it would take no action against the plan.

The NCSC said in Melbourne that shareholders would decide whether the deals were in the best interests of the three companies involved and official action was inappropriate. However, the success of the A$2.7bn restructuring is not yet assured.

Certainly, one major shareholder — the West Australian State Government Insurance Commission — has announced that it will oppose BHP's plans. It has 2.6 per cent of BHP, bought from Bell, and had earlier considered challenging the restructuring in the courts, but has now decided only to vote against it at a BHP shareholders' meeting tomorrow.

Another institutional shareholder, Colonial Mutual Life, the insurance company, has also announced that it will vote against the buyback. However, BHP claims that proxies received so far had been running 25 to one in favour of the proposal.

Shareholders in Mr John Elliott's Elders IXL meet today to approve the transfer into a joint venture of that company's 19 per cent holding in BHP.

The meeting of Bell Resources was asked to approve the sale of 300m shares, retaining a holding of about 10 per cent. Mr Holmes à Court said the disposal would mark the beginning of a new direction for his Bell companies. This follows paper losses of close to A$1bn suffered in the world equities collapse last October.

Wattie lifts Goodman Fielder

BY OUR FINANCIAL STAFF

GOODMAN FIELDER Wattie, the expanding Australasian food combine, boosted interim net profits by 15.6 per cent to A$69.7m (US$42.9m) from A$51.7m as a result of a maiden A$10.9m contribution from Wattie Industries, a New Zealand meat and dairy products group.

Two months' earnings were included for Wattie, which also added A$148.9m to sales. This provided most of the 21.8 per cent growth in turnover, to A$942.8m compared with A$774.2m, in the first half to December.

Earlier this month, the UK Office of Fair Trading decided not to refer to the Monopolies Commission Goodman Fielder's acquisition of a 29.9 per cent stake in Ranks Hovis McDougall, the British bakeries group. From April 20, Goodman becomes free to bid for RHM, which has resisted its presence and denied the company a board seat.

Meanwhile, the inclusion of a proportion of RHM's earnings for five months took Goodman's equity-accounted profits, net of dividends, to A$100.2m from A$63.3m.

The period also brought Goodman effective control of Cold Storage Holdings, the leading food processor and retailer in Singapore.

Directors said the outlook for the second half is for continued growth, although the "performance from businesses in New Zealand will be hampered by some downturn in consumer demand." Deregulation and currency factors there adversely affected profitability in the latest period.

Australian operations were generally on target as rationalisation continued to enhance performance, Goodman added.

The improved result came despite an interest bill more than doubled to A$85.7m from A$39.6m. A tax credit of A$2.1m was achieved against a debit of A$11.6m. Extraordinary earnings fell away to A$3.4m from A$51.4m, however, leaving the attributable outcome lower at A$103.6m compared with A$114.8m.

The interim dividend is being lifted to 5 cents a share from an adjusted 3 cents.

Strike limits growth in AECI profits

By Jim Jones in Johannesburg

AECI, South Africa's largest chemicals group, suffered indirectly from last year's black miners' strike, which cut demand for explosives, and also experienced lower demand for fertiliser by maize farmers.

Turnover rose to R3.28bn ($1.57bn) from R2.82bn as gross volumes of all chemicals were up by about 7 per cent. Pre-tax profits reached R303m against R263m.

Mr Mike Sander, managing director, said yesterday that a higher rand/dollar exchange rate resulted in greater competition from imports but AECI did not lose market share, although it had to match keen import-prices on some products.

Mr Sander hopes operations will not be affected as badly by strike action in customer industries this year and says AECI's own recent wage talks with its unions were completed with no strike threats.

The group plans to spend about R250m on capital projects this year, though the figure does not include any allowance for the proposed R900m soda ash project in Botswana. Nor does it include any spending on coal-based synfuels production facilities being planned in conjunction with Amcoal.

Net earnings rose to 133 cents a share from 113 cents and the year's dividend has been raised to 66 cents from 60 cents. AECI is jointly controlled by ICI and Anglo American Corporation.

• Turner & Newall, the South African asbestos and fibre products manufacturer controlled by the UK company of the same name, benefited from greater demand from the automotive industry in 1987, but suffered mixed fortunes in its industrial divisions.

Turnover rose to R145.6m from R130.2m and the pre-tax profit was R20.2m against R15m. The Ferodo friction materials division increased sales and share of the automotive products market as did the automotive gaskets division.

During the year, the building products division was swapped for shares in Everite, the Swiss-owned asbestos cement company, a move which was positive for revenues.

Good start for Honda Motor

HONDA MOTOR of Japan lifted group net profits by 38.1 per cent to Y23.7bn ($183.3m) in the three months to December, on sales up 20.5 per cent to Y789.5bn, Our Financial Staff writes.

The growth was attributed to car demand at home and in North America, as well as exchange gains and reduced tax payments.

Financial Times Wednesday February 24 1988

Laura Raun on the outlook for 1988 at the European Options Exchange

EOE chief more pessimistic than most

AS THE driving force behind the European Options Exchange (EOE), Mr Tjerk Westerterp has fuelled its growth with his unabashed enthusiasm – sponsoring racehorses to appeal to private investors, for example.

But now, in its 10th year, the EOE and Mr Westerterp, its president, are more subdued – concerned about the fallout from last year's stockmarket crash and the normal slowdown which mature exchanges experience. Sitting in the EOE's new building in the heart of Amsterdam, he warned that trading volume this year could fall by half from last year, which would be the first annual drop since the exchange's founding in 1978.

"Investors' confidence has not yet been restored," he explained in his solarium-like office. "Private investors got their fingers burned – sometimes their whole hands – and institutional investors are on the sidelines wondering whether this is temporary or long term."

Exchanges around the world also are seeing slacker business as a result of the nervous climate, but Mr Westerterp conceded that he is more pessimistic than most. "Others are saying they expect 1988 to be a marvellous year, but I have fears."

With a total of 10.9m contracts traded last year, the EOE ranked as the eighth largest options exchange in the world, barely behind the London Traded Options Market's 11.8m contracts. Stock options accounted for 80 per cent of the total, followed by currencies with 6 per cent, bonds with 6 per cent, indices with 4 per cent and precious metals with 4 per cent. Daily turnover averaged 43,000 contracts.

After last year's record highs, the picture is more sober now. In January, business was down 30 per ceot over the same month a year earlier and daily turnover recently has dropped to about 30,000 contracts.

As a former Dutch Minister of Transport, Mr Westerterp is a resilient man, however, and is armed with a three-point plan for coping with the slump. The strategy is to emphasise options other than those oo equities, to educate investors and to economise inside the exchange.

As investors have shifted to lower-risk bonds, equity options already have fallen as a proportion of total volume, now accounting for about 70 per cent. Perhaps the most promising of the non-stock options is that on the Major Market Index (MMI), a basket of US blue chip stocks created by the American Stock Exchange to simulate the Dow Jones Industrial Average.

The MMI option was introduced in Amsterdam in August 1987, amid great fanfare, touted as the first index option that would allow investors to hedge US stocks during the European day. It is fungible with the same contract on the American Stock Exchange, so that positions can be opened in one market and closed in the other.

Before Black Monday, trading in the MMI option was averaging about 1,000 contracts a day, according to Mr Westerterp, but now has plummeted to only a dozen or so. He is hopeful, nevertheless, that the contract will become an important drawing card for the EOE when Instinet, the screen-based trading system owned by Reuters, starts operating on the EOE next week.

Instinet provides its subscribers, mostly in the US and Europe, with computerised facilities to deal with each other in approximately 8,000 US securities for about 14 hours a day. As a public order member of the EOE, Instinet will channel its subscribers' orders to the floor, although it will not make markets itself.

Mr Tjerk Westerterp (right), president of the EOE, has predicted that one supervisory body for all the financial markets in the Netherlands would be established this year. The self-regulatory body would be a cross between the SIB in the UK and the SEC in the US, he said. It would have jurisdiction over the Amsterdam Stock Exchange, the European Options Exchange, the Amsterdam Financial Futures Market, and the parallel and off-bourse markets. "It is the wish of the Finance Minister to have a single supervisory authority and I am convinced that we will have one in 1988," he said.

"We're very confident that this will be a new impetus for trading in the MMI," Mr Westerterp said.

When Instinet announced its membership last December, Mr William Lupien, its chairman, agreed that the MMI was the main reason for joining the EOE. But, more recently, he has refused to comment on what Instinet expects in the way of business in MMI options.

While Mr Westerterp is keen to promote non-stock options, he doubts that any new products will be introduced before June because investors are still too nervous. The second half of the year, however, could see a new option on the Dutch government bond index that underlies a guilder interest rate futures contract on the Amsterdam Financial Futures Market – a subsidiary of the EOE.

Also in the pipeline is a new stock index option on the four or five most actively traded Dutch stocks, which are also widely found in investment portfolios around the world. Institutional investors who hold these Dutch blue chips would be the target.

Mr Westerterp believes that options can still serve as a hedge for institutional investors, even thougb portfolio insurance as a concept has been defiled since the share crash. "You can insure a portfolio against downside risk," he insists, without using the programmed trading that has raised so many questions about index options.

In the wake of such qoestions, the EOE and Amsterdam Stock Exchange are jointly sponsoring a study into the motual effects of options and underlying securities.

He is convinced that professional investors still have more to learn about how to use put options as a portfolio hedge, so the EOE launched a fresh drive among UK institutions last year. Private individuals, however, have been left untouched, he hastened to add.

Besides external efforts to cope with sluggish business, the EOE has also taken steps to streamline its own internal operations, hopefully to avoid forced layoffs. The EOE still will be in the black even if volume falls 50 per cent this year, Mr Westerterp predicted.

International links between exchanges to promote global trading is another area where he is more subdued. The EOE was a pioneer – along with three other exchanges in Australia and Canada – in global trading of precious metals but has no plans for new ties.

Mr Westerterp, bowever, would still like to link up with his arch rival, the London Traded Options Market, in some way. He has proposed that London and Amsterdam jointly develop an option on a common market stock index, comprising European shares, which would be launched in 1992 to mark the EC internal market.

But Mr Westerterp will not be fooled twice. He knows how crucial it is to have enough market makers in foreign shares since the EOE failed dismally in its initial efforts to be a "European" options exchange.

Greenspan comments lift flagging dollar sector

BY CLARE PEARSON

COMMENTS by Mr Alan Greenspan, chairman of the US Federal Reserve, that the Fed eased its monetary stance slightly a few weeks ago boosted a flagging Eurodollar bood market yesterday. This helped a new $200m issue for **Toyota Motor Credit** get off to a good start.

The improvement in Eurodollar prices helped the issue for Toyota's US subsidiary, which had been launched during the morning, trade within its 1⅞ per cent fees at less 1.35 bid. Led by Merrill Lynch International, it provided a yield margin of about 50 basis points over the comparable Treasury.

The three-year 8 per cent issue, priced at 101.35, was launched on almost identical terms to a similarly-sized issue for Toyota's European unit, **Toyota Motor Finance,** issued earlier in the month, though the two deals are not interchangeable for trading purposes.

The appearance of two more Canadian dollar bonds led syndicate managers to comment that the C$ new issues market was getting overloaded.

Dresdner Bank's C$150m five-year bond for its subsidiary **Dresdner Finance** looked to be inspired by a swap opportunity, since this has driven most C$ issues for German banks recently. But Dresdner said the swap had not been particularly attractive and the bond had come in response to demand from its retail clients.

The lead-manager's bid for the 9¾ per cent bond, priced at 101⅞, stood at less 2 yesterday afternoon, just outside the bond's 1⅞ per cent fees.

Meanwhile, a C$75m bond for **Fiat Finance and Trade** did not appear to be for the best name to inspire already sated demand for Canadian dollar paper. But Banque Paribas Capital Markets, the lead manager, said it had made sure there was sufficient interest among its customers before launch.

The 9½ per cent three-year issue, priced at 101¼, was quoted at less 1.40 bid, compared with 1⅞ per cent fees.

Westdeutsche Landesbank announced an A$50m three-year bond for its Luxembourg subsidiary, **WestLb International.** The 12¾ per cent issue, priced at 101⅞, was quoted at less 1.40 bid, 10 basis points higher than the discount represented by its total fees.

Deutsche Bank Capital Markets led an Ecu125m seven-year 7⅝ per cent bond for **Eurofima,** the Swiss-based railway rolling stock company, priced at 101¾. It was bid at less 1.85.

The issue seems assured of demand in Switzerland, but Deutsche said it had seen some

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interest from West German investors, who have not traditionally been boyers of Ecu bonds, as well.

Late in the day, a new £175m mortgage-backed sterling floating-rate note issue appeared, for **Mortgage Funding Corporation No. 1.** The issuer is a vehicle for Mortgage Funding Corporation, the UK home loans financing organisation for which Kleinwort Benson acts as managing agent.

The par-priced bond, which matures in 2020, is expected to have an average life of 6.36 years, based on the conservative assumption that prepayments on the underlying mortgages run at 10 per cent per annum. The borrower will operate a purchase fund up to a price of 100.20; after that, redemption will be by lottery.

It pays 42½ basis points over three-month London interbank offered rate until the 10th year, when this rises to ½ per cent. It was led by Credit Suisse First Boston. MFC is raising a further $25m through a private placement.

D-Mark domestic bond prices rose by up to 40 basis points in mainly professional activity in sympathy with US Treasury bonds. D-Mark Eurobonds closed a touch firmer in quiet trading.

In Switzerland, bonds saw reasonable turnover and closed about ¼ point lower.

Abbey National became only the second UK building society to launch a bond in Switzerland with a SFr250m five-year 4 per cent deal, priced at 101. It followed a deal for the **Woolwich** last year. The Abbey's dollar issues are rated Donble A minus by Standard & Poor's.

Two equity-related bonds for Japanese borrowers emerged: a SFr60m five-year bond with warrants for **Tokyo Juki Industrial,** the sewing machine manufacturer, with an indicated 2⅛ per cent coupon, led by Credit Suisse; and a SFr65m five-year convertible for **Asahi Denka Kogyo,** the chemical company, with an indicated semi-annual 1⅛ per cent coupon, led by Swiss Bank Corporation.

Alusaf heads sale list

BY JIM JONES IN JOHANNESBURG

ALUSAF, THE R600m ($288m) turnover aluminium smelter, will be the first of South Africa's state-owned industrial companies to be sold this year.

Its proposed sale by the Industrial Development Corporation (IDC) was initiated in December before President P.W. Botha's announcement of large-scale privatisation. The IDC is seeking a single buyer which can provide the technical skills needed to operate Alusaf's facilities at Richards Bay on the Natal coast, where it processes alnmina bought largely from Australia.

An unquantified minority interest is owned by Alusuisse. Mr Malcolm Macdonald, IDC general manager, expects the Swiss company to retain its interest. In the meantime there are no plans to list Alusaf or to offer shares to the publir.

South Africa has no bauxite reserves – the nearest are in Malawi.

Alusaf capacity was doubled last year to 170,000 tonnes a year of aluminium, and the spending on this delayed a sale.

Leigh rejects IMP offer

By Robert Gibbens in Montreal

LEIGH INSTRUMENTS, an avionics producer, has rejected a C$80m bid from Mr Kenneth Rowe, the Nova Scotia entrepreneur, and his IMP Group, calling it "grossly inadequate."

Leigh has retained investment bankers to advise it on maximising shareholder value and is discussing a third-party investment in Leigh.

IMP offered C$5.25 a share for Leigh's common shares and C$25 a share for the convertible preferred but analysts expect a counter-bid.

Loss for Brazilian mine group

By Our Sao Paulo Correspondent

COMPANHIA Vale do Rio Doce, Brazil's largest mining company, registered a $344.4m loss in 1987, the first since its foundation in 1942. The government-owned company said currency losses, inflation accounting, and low domestic prices were responsible for the loss.

In 1986, Vale do Rio Doce had net profits of $312.5m. It said preliminary figures showed that 1987 sales were $1.72bn, compared with $1.38bn a year earlier, and gross profit was $430m. The company's full results will be published in March.

The company was hard hit by the cost of servicing its $2.7bn domestic and foreign debt. More thanone third of the debt is denominated in Japanese yen, D-Marks and Swiss francs.

The US dollar's rapid decline against these currencies caused heavy losses because most of the company's export income is in US dollars.

The company owes $1.2bn in local currency and a further $500m in US dollars but, because the Brazilian cruzado's real value increased slightly against the dollar during the year, the cost of the company's eruzado loans increased substantially.

Adjusting the balance sheet for inflation worsened the company's finances further still. Since the liabilities increased faster than assets, the company suffered a total $3.14bn accounting loss.

Vale do Rio Doce says that it lost heavily on domestic operations because local iron ore prices are 80 per cent below production cost. It also operates railways, but says freight charges were 50 per cent below cost.

Venezuelan banks show better returns

By Joseph Mann in Caracas

VENEZUELA'S commercial banks, which make up the most important part of the country's financial system, last year reported net profits of $118.4m, according to the Venezuelan Banking Association.

The association, which reported the results of 38 commercial banks, said the figures represented an average annual return on equity of 22 per cent, an improvement over 1986.

However, in the face of inflation last year estimated at 40 per cent, this was generally "insufficient" to retain the value of investors' equity or to encourage new investment, the group said.

The top five commercial banks in profit terms for 1987 were Banco Provincial (net earnings of $19.86m), Banco de Venezuela ($12.88m), Banco Mercantil ($12.06m), Banco Consolidado ($8.67m) and Banco Union ($8.66m).

All five banks are owned by private investors and Credit Lyonnais has a minority holding in Banco Provincial, the largest commercial institution in the country.

In terms of net earnings as a percentage of total revenue, a medium-sized bank, Banco Venezolano de Credito, led the way with profits of $4.57m, or 24 per cent of total income.

The main complaint of Venezuelan bankers today is that interest rates are negative due to strict government controls. Negative rates have led to the creation of a substantial loan market outside the banking system where rates are set by supply and demand.

Brown Boveri plans staff cuts of 10%

By Our Financial Staff

BROWN BOVERI AG, the West German arm of the Asea Brown Boveri electrical engineering group, has announced plans for payroll cuts of 10 per cent over the next three years.

The West German group said yesterday that it would decentralise management and reduce output at several of its loss-making units.

Following the merger of Asea of Sweden and Brown Boveri of Switzerland, Brown Boveri AG will link up with Asea's local subsidiary to form Asea Brown Boveri AG early in the summer.

The two companies will reduce overlap between activities and take advantage of synergy effects in distribution and production, the company said.

BBC, which is 75 per cent owned by its Swiss parent, reported net income of just DM23.1m in 1986 on group sales of DM6.5bn.

Sales dropped by 18 per cent in the first half of 1987 and are estimated to be down sharply for the full year, because of falling plant engineering and power plant deliveries.

Asea Gmbh had 1986 sales of DM530m. Profit figures have not been disclosed.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on February 23

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	96¼	96¾	+0⅛	+0½	8.57
All Nippon Air 9⅞ 97	100	†99¾	99¾	+0¼	+1	9.44
American Brands 8⅞ 92	150	99	99⅛	+0⅛	+0½	9.10
A/S Eksportfinans 7⅞ 93	100	†95½	96	+0⅛	+0⅝	8.57
A/S Eksportfinans 7¼ 92	150	96½	97	+0⅛	+0⅝	8.25

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅜ 92	55	102⅜	102⅞	+0⅛	+0⅜	4.78
Belgium 4⅞ 94	45	97¼	97⅝	+0⅛	+0⅜	5.12
E.I.B. 4⅝ 94	40	97⅜	98⅛	0	+0⅛	5.03
Elec. De France 5⅞ 94	20	100½	101	+0⅛	+0⅛	4.98

DEUTSCHE MARK STRAIGHTS

SWISS FRANC STRAIGHTS

OTHER STRAIGHTS

FLOATING RATE NOTES

CONVERTIBLE BONDS

* No information available–previous day's price

† Only one market maker supplied a price

NatWest hit by losses in investment banking side

BY DAVID LASCELLES, BANKING EDITOR

National Westminster Bank, the UK's largest clearing bank, registered a sharp fall in pre-tax profits for 1987.

This resulted largely from the decision to make further substantial additions to provisions against doubtful Third World loans. But heavy losses in the newly-formed investment banking division also bit deep into the final figures.

However, NatWest is proposing a final dividend of 16p, making a 17 per cent increase on the year to 24p (20.5p). The group is also making retentions of £261m in order to strengthen its capital ratios.

NatWest's operating profit was £1.27bn, up 14 per cent from £1.11bn in 1986. The charge for doubtful debts amounted to £759m, bringing the pre-tax result down to £704m. In 1986, NatWest set aside £373m in provisions, leaving pre-tax profits at £1.01bn. Tax took £269m (£390m).

Lord Boardman, chairman, said the result was "an impressive achievement for a year in which the group faced intense competition and violent movements in the world's capital markets, as well as making exceptional debt provisions."

The provisions for 1987 included a specific charge for problem countries of £610m. This raised NatWest's cover for the £2.47bn which it has in loans to 33 countries to 33 per cent against 30 per cent at the interim stage.

Lord Boardman: "impressive achievement" in difficult year

This increase belied predictions in the City that NatWest might go as high as 85 per cent. However, in recent weeks the Bank of England has been encouraging banks not to make excessive provisions, and NatWest's are all at the top end of the matrix provided by the Bank as a guideline.

The provisions, as well as the weakness of the US dollar, pushed the international banking division into a loss of £339m compared to a profit of £223m the previous year.

Investment banking operations, which include the troubled County NatWest subsidiary, made a loss of £115m, up from a loss of £38m in 1986. NatWest blamed this on the continuance of high development costs and last October's stock market crash. On Monday, Mr Charles Villiers, County's chairman, and Mr Jonathan Cohen, the chief executive, resigned after mounting criticism of their management and revelations about substantial losses in options trading by employees.

Domestic banking provided the bedrock of NatWest's profits. Earnings from this division were up 43 per cent to a record £1bn thanks to the boom in the UK credit business and the strength of domestic loan demand.

NatWest opened a net 450,000 new accounts, and made another £1.3bn in mortgages, bringing its home loan book to over £6bn. Loans to the commercial sector grew 11 per cent to over £15bn. Related banking services, which supply insurance and finance house services, raised profits by 24 percent to £168m.

Mr Tom Frost, the new chief executive who was reporting his first results yesterday, said that the group's experience in the light of the 1987 experiences of banks worldwide." He claimed they were "encouraging said trading so far in 1988 was "satisfactory and we take a confident view of prospects for the full year."

See Lex

UEI offers $56m for Californian company

By Nikki Tait

UEI, the high-technology electronics and engineering group, yesterday launched a $56m (£32m) tender offer for Kevex, a California-based scientific instrument company which makes products for the microanalysis, X-ray fluorescence and surface analysis markets.

The two companies have talked informally about a possible merger in the past, but price is believed to have been a stumbling-block. UEI's offer is not recommended, however, and yesterday the Californian company said only that the terms would be considered by the board.

About one-third of Kevex shares are held by directors, and family interests. The largest single block belongs to Mr Richard Frankel, president and founder.

The terms of the offer are $10.50 a share. News of UEI's initiative pushed Kevex – which trades on Nasdaq – $2 higher to $10.25 in morning trading. According to UEI, Kevex shares have traded between $4.75 and $8.625 since the beginning of 1987.

UEI says Kevex will complement its Link Analytical subsidiary, which also makes scientific, medical and industrial analysis equipment. However, Mr Peter Michael, UEI chairman, says Link accounts for a tiny proportion of the US market, and Kevex is its "number one competitor" there. The combined businesses, he suggested, would have sales of between $60m and $70m in this area, out of a world market of $200m-$250m.

UEI has made a number of acquisitions in recent years. Early last year it considered a merger with fellow UK technology group Oxford Instruments but backed off.

Kevex's recent profits record has been bumpy. It had a pre-tax loss of $2.7m in the year to end-July 1986, but recovered to $1.5m profit in the following 12 months on sales of $36.4m. Sales in the first quarter of 1987/88 improved by 27 per cent to $9.8m.

UEI intends to finance the acquisition via bank borrowings, and says that pro forma gearing following a successful deal – and after an immediate write-off of goodwill – would be about 115 per cent. However, it is confident that profits from the acquisition will comfortably exceed finance costs, and that gearing should fall to about 60 per cent by end-January 1989.

Max Wilkinson examines the Government's stance on Britoil

Golden transfer for BP

THE Government's announcement yesterday that it will not use its golden share in Britoil to veto a transfer of effective control to BP will send waves of anxiety through the upper floors of Britannic House, BP's London headquarters.

As part of the price for Government compliance with the transfer, BP has agreed to ship up to 75 executives and technicians from their comfortable London billets to the rigours of Glasgow, where Britoil recently erected a new smoked glass head office.

The transfer, agreed in a letter from Sir Peter Walters, BP's chairman, to the Treasury makes little logistical sense from the acquiring company's point of view. However, it is a concession to the vociferous Scottish lobby which the Government felt obliged to insist upon. For BP, it is a small matter compared with the main game which was to get its hands on 1.2bn barrels of oil reserves at a very acceptable price of around $3.40 per barrel.

BP, which has now obtained more than 80 per cent acceptances for its £5 per share offer for Britoil, has agreed to make the Glasgow building the business headquarters for the combined BP and Britoil operations in the North Sea, while Aberdeen will remain the operational centre for both companies' North Sea appraisal exploration and production activities.

The other main concession to Scottish feeling has been the agreement that Britoil's new non-executive chairman and four non-executive directors should be people from outside the BP group and approved by the Government.

This will leave BP in full operational control of the new subsidiary with a chief executive and three full time executives appointed by BP, with an additional three non-executive directors, probably also BP men.

The main job of the outside directors will no doubt be to ensure fair play with regard to any redundancies and other restructuring, but BP says it does not expect to sack any Britoil employees for at least a year, and will guarantee that all former Britoil employees retain full pension and other rights.

In all major respects, Britoil will operate like any other of BP's wholly owned subsidiaries. Purina Mills in the US for example, has its own chairman but reports directly to the BP group.

Britoil will lose control over

Nigel Lawson – agreement ends awkward chapter

its own budget, with discretionary spending power reduced to a mere £20m – small change for an oil company worth £2.6bn. All major projects will be referred to the parent company and will doubtless have to compete for group funds with other investment schemes from Alaska to the China Seas.

BP has given a general undertaking that the enlarged group's spending on exploration in the North Sea will be substantially increased to between £300m and £325m per year in the next two years. It has also said that it will develop all discoveries "as fast as practicable."

An undertaking in such vague terms would be almost valueless if BP had not made it unnecessary by committing such a large amount of cash to the purchase of Britoil. This would make little commercial sense unless it really believed what it has told the Government, that "our primary purpose in acquiring Britoil is to exploit Britoil's UK continental shelf assets more effectively."

For Mr Nigel Lawson, the Chancellor, the agreement ends a rather awkward chapter. He established the "golden share in 1982, when Britoil was privatised, as a protection against unwelcome take-overs. It gives the Government a casting vote at a shareholders' meeting. But BP showed, to the embarassment of the Treasury, that it could not prevent a full transfer of ownership.

Once this happened, a transfer of control was inevitable unless the Government chose to make a major political fuss. Sir Peter judged that if he gave a few assurances and some soft soaping of the board structure, Mr Lawson would come quietly. He did.

Provident ahead at £26.7m

BY NICK BUNKER

Provident Financial Group, the consumer lender with 10,000 door-to-door agents, saw its shares slip 7p to 357p last night inspite of a 20 per cent jump in full-year pre-tax profits to £26.7m.

Its main customers are council tenants, and it makes 33 per cent of its new loans in the form of trading checks and vouchers which can be exchanged for goods at retailers – a type of credit invented in Victorian times by the Provi's founder, Sir Joshua Waddilove, a Bradford lay preacher.

The volume of personal credit recovered to some extent in the second half of 1987, and the trend continued into 1988, Provident said. Group turnover fell from £409.68m to £409.35m for the 12 months to December 31. Taxation rose from £7.82m to £8.93m.

Earnings per share rose 24 per cent to 36.07p, and Provident recommended a final dividend of 11.5p, making a full-year total of 15p, up 23 per cent.

● comment

Door-to-door credit is as mature a market as they come, and the Provi has learned not to try to pump it too hard. An ill-judged 13.7 per cent expansion in lending in 1984 fed through into rising arrears in 1986, when the Provi's attempts at diversification – insurance, insurance broking, and estate agency – were feeding little or nothing through to the bottom line. Retrenchment followed, and the fact that accounts receivable from borrowers grew only £7m to £326m last year was a sign that it remains cautious even now. The money markets helped in 1987, with Provident's average cost of finance dropping to 10.9 per cent, from 11.6 in 1986, while the high rates it charges its overwhelmingly working class customers remained static. But with £20.3m of its pre-tax profits still coming from lending, the Provi is far from its goal of a 50-50 split between consumer credit and its newer activities. The current price/earnings multiple of about 10 times 1987 earnings is a shade high for a lending institution.

Baltic changes result in profits rise of 32%

By Philip Coggan

Baltic, the asset finance, property and financial services group, increased its pre-tax profits in 1987 by 32 per cent to £7.3m from last year's pro forma £5.5m.

The company underwent substantial changes in 1987. A/S Nevi, the Norwegian financial services company, which had acquired 50 per cent of Baltic in 1985, first disposed of half its stake and then sold out altogether.

Baltic also sold its investment management business to Aberdeen Fund Managers – in return for an 11 per cent stake in AFM – and made a disguised rights issue via the £24.7m purchase of the Global Recovery Investment Trust. There is an extraordinary credit of £1.26m reflecting the surplus on the former deal, minus the costs of the latter.

The net effect of these changes is that the group's profits come from three main sources: asset finance (around 65 per cent); property development (30 per cent); and investment services (5 per cent).

There are now three shareholders with stakes of over 5 per cent in the combined ordinary and preference shares; Skandia, a Swedish insurance company, has 18 per cent; Mr Michael Goddard, the company founder, has 25 per cent; and Banque Paribas has 6 per cent.

Mr Harry Hyman, the group's finance director, said the company had an eventful year in which shareholders' funds had more than doubled from £26m to £56m and fully diluted earnings per share had increased from 12.4p to 14.2p.

Baltic now hopes to expand its asset finance business and to move into other financial services areas. Following the Global purchase, the group's balance sheet is strong, with gearing at 66 per cent.

The directors are proposing a final dividend of 1.6p, making a total of 2.8p. Baltic's last financial period was 17 months and paid combined interim and second interim dividends of 3.5p.

DALE ELECTRIC International, manufacturer of generating sets and power systems, has purchased for £225,000 cash, Ward & Scutt and Ward & Scutt Systems, Manchester-based makers of switch and control gear.

Alfred McAlpine 20% growth

BY DOMINIQUE JACKSON

Alfred McAlpine, the construction, minerals and homes group, reports a 20 per cent rise in pre-tax profits, from £26.14m to £31.44m, for the year to end October 1987. Turnover moved ahead 21 per cent to £583m.

Mr Bobby McAlpine, chairman, said: "The group is in excellent shape and becoming more capable of adapting to changing market conditions than it would have been a few years ago."

McAlpine has been diversifying out of its core construction business since the 1970s and now has substantial minerals, homes and property divisions, although construction still accounted for almost 60 per cent of pre-tax profits.

The division contributed £18.6m this year against £14.6m in 1986, with the increase coming from overseas contracts.

That was boosted by a long-awaited settlement with Kuwait Metal Pipe Industries. It was worth some £3.4m, but represented less than half the amount awarded to McAlpine by the International Court in Geneva, following a five year legal battle.

Mr McAlpine said the possibility of Kuwait becoming embroiled in the Gulf war and of a lengthy struggle with Kuwaiti courts obliged the company to accept the lower figure.

McAlpine was also experiencing settlement problems with other clients, including UK corporations and government agencies, and was currently awaiting a settlement approaching £10m from an unresolved dispute.

Uncertainty over the timing of settlements, plus the vagaries of the weather made forecasting the current year extremely difficult.

Extremely wet weather had caused high losses during the first months of the year in the main construction regions, and he said interim results would bear little relationship to the full-year.

The final dividend for 1986-87 is 11.6p, making a total of 15p (14.5p). After tax of £10m (£8.6m), earnings per share rose to 59.8p from 49.6p.

● comment

McAlpine's figures were, give or take the odd Kuwaiti settlement, roughly in line with forecasts. But the unexpected recovery of money owed on a pipeline laid in Sudan more than a decade ago, and after a protracted £1m legal struggle, illustrates graphically just how difficult a contractor's life can be. The disputed £10m for the Manchester Central Station refurbishment, is not the only multi-million pound settlement McAlpine is hoping will come in this year. Powerless to predict these windfalls, the company is also still very much at the mercy of that ultimate variable, the weather, which so far this year has proved most unclement. Although the non-construction divisions are performing well, forecasts for the current year are for only a modest improvement to £33m, providing a prospective multiple of just under eight. Given the number of crossed fingers at McAlpine, this looks about right.

Leslie Wise doubled

BY ALICE RAWSTHORN

Leslie Wise Group, the textile company which merged with the troubled Ladies Pride fashion manufacturer last summer, yesterday announced a doubling of pre-tax profits from £738,000 to £2.1m in its last financial year.

Mr Leslie Wise, chairman, said that the integration of the two businesses is almost complete and that the benefits of the merger should surface in the second half of the present year. The group now plans to embark upon acquisitions within its established field of textile converting.

In the year to November 30, group turnover rose to £20.2m (£16m), while trading profits increased to £2.3m (£988,000).

Earnings per share before the extraordinary item rose to 4.94p (1.66p). The board proposes to pay a final dividend of 1.5p (0.25p) making 2p (0.75p).

Since the merger, the group has restructured the dress manufacturing and knitting interests of Ladies Pride. In the dress manufacturing division it has cut the workforce, introduced a new design team and brought out a new range of clothes – Di Tardo – for young working women.

Mr Wise said that the present pace of trading is "exceptionally good" and that the Ladies Pride business should show the benefits of restructuring from May when the autumn 1988 collection comes out.

EFP has 29.9% of Downiebrae

European Fire Protection Holdings, a private company owned by Mr Jacques Gaston Murray, holds a 29.9 per cent stake in Glasgow-based metal merchant **Downiebrae Holdings** following a successful tender offer for 15 per cent of the share capital.

Last month EFP, which is the majority shareholder in London-listed Nu-Swift Industries, the fire protection equipment company, bought a 14.9 per cent stake in Downiebrae from a group of investors, including three Downiebrae directors.

The offer was for 50p per share and tenders in respect of 7,727,818 Downiebrae shares were received, far in excess of the 2,624,908 shares EFP needed to form the 15 per cent stake.

Accordingly, all tenders submitted will be scaled down pro rata and approximately one-third of shares tendered will be accepted.

COMPANY NEWS IN BRIEF

IMTEC GROUP: Applications have been received in respect of 10.28m (52.4 per cent) offered in a rights issue.

RHP's agreed takeover of the Burgess Group has gone wholly unconditional. On Friday afternoon last week, RHP had received acceptances from Burgess shareholders with 83.7 of the ordinary shares and 90.4 per cent of the preference shares.

RTZ CHEMICALS' US subsidiary, Interchem, has acquired from members of the Siebel family, J E Siebel & Sons for $1.75m (£1m) cash. Chicago-based Siebel employs 35 people and supplies processing aids to the US and Canadian brewing industry.

CHARLES BARKER has sold the assets and goodwill of its direct marketing business, Rapier Direct, to its management. The consideration is £100,000, payable by January 1991.

JAMES CREAN rights issue of 5.7m shares has been taken up in respect of 98.3 per cent of the shares offered.

Cullen's sees £5.5m losses

Cullen's Holdings, the convenience store chain, is set to show trading losses of £3.4m this year, the company forecasts in a circular accompanying details of an equity injection by an investment consortium.

In addition, there will be further exceptional costs relating to store closures. In the first half, exceptional costs were £1.07m and the circular states that exceptional losses will be at least as high in the second half. That indicates a pre-tax loss for the year of around £5.5m.

The equity issue will net £4m for the company which will be used to pay off bank borrowings and finance working capital. Around 7.57m shares are being issued at 55p each.

Grahams Rintoul net assets fall

In 1987 net revenue before tax of **Grahams Rintoul Investment Trust** rose from £538,000 to £1.34m, while the asset value over the period fell from 255.8p to 243.3p.

The directors remain satisfied, despite the upheaval in stock markets, that the policy of emphasising smaller companies is a sound long-term approach. The trust was reorganised and its name changed from Leda last June.

This year started with 50 per cent of assets committed to UK equities but with satisfactory liquidity in present conditions. At end December UK equity holdings were valued at £17.3m out of total assets of £35.3m.

REALLY USEFUL Group has purchased a prime freehold site at 22 Tower Street, London, WC, for £3.3m cash. After development and refurbishment, the property will accommodate the group and its subsidiaries within a single corporate head office.

Capco's 76% increase betters expectations

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

Capital & Counties, the international property group with a heavy weighting in retail and office premises, yesterday surpassed market expectations with a hefty increase in pre-tax profits and in its net asset value.

Pre-tax profits for the year to last December rose 75 per cent from £14.15m to £24.89m. Earnings per share, calculated on the weighted average of the shares in issue during the year, were 26 per cent higher at 16.6p.

Shareholders are to receive a final dividend of 5p, making total payments for the year of 8.5p, compared with 7p paid in 1986.

Revaluation of the company's property assets and the effects of a £188m rights issue which transformed the balance sheet, led to a rise of 24 per cent in the fully diluted net asset value per share. This is now 401p.

Over the past year, property investment income rose to £25.4m from £17.8m in 1986 on a turnover of £43m. Property trading turnover was £12.96m.

The rights issue, which had the effect of reducing the holding of TransAtlantic Holdings, the South African controlled parent, from 93.6 to 57 per cent, plus the increase in financial resources by a further £173m, helped make what Mr Dennis Marler, the chairman, called "a landmark year."

With shareholders funds of £544m, and cash in the bank and short-term investments of £231m to set against borrowings of £169.56m, Capco is advantageously placed financially for the heavy development programme it has underway.

Of the £500m which will be spent over the next few years, the lion's share will go on three large new shopping centres at Bromley, Watford and Thurrock, due for completion in 1990-91.

● comment

Capco has been able to ride the boom of the strong retail and offices property market, which has resulted in a stronger stream of rental revenue. At the same time, it has picked up the financial benefits of the inflow of cash from its balance sheet restructuring. The combination of the two led to the high profits, but this year the company will have to depend more on performance for an increase in profits. The market remains strong and with four new developments coming on stream, the net asset value should increase, probably to around 460p a share. The same factors will help pre-tax profits, which on a cautious estimate could turn out around £30m. Earnings per share, taking into account likely higher tax charges and the insertion into the sum of the whole enlarged equity, will be held back, so the increase is likely to be fractional, probably to around 17p. That would put the shares, unchanged at 363p, on a prospective p/e of 21.5.

Tyndall suffers Australian loss

BY ANDREW HILL

Tyndall Holdings, the international financial services group, lost £4.33m through its Australian subsidiary as a result of the stock market crash. The group expects to have its accounts qualified following the decision to record the loss as an extraordinary item.

Yesterday Tyndall also announced pre-tax profits for the year to December of £6.55m on turnover of £37.75m. Comparisons with the previous year's figures are difficult because of the rapid change in the group since November 1986, when Brint Investments acquired the Tyndall companies from Aetna Life, the US insurance company.

Last September Tyndall more than doubled its market capitalisation when it bought 51 per cent of Clayton Robard, the Australian financial services group for about £118m.

The extraordinary item comprises a £2m loss in the actuarially appraised value of Associated National Life (ANL), a life assurance company owned by Clayton Robard, between the purchase date and the December year-end, and the stock market crash is estimated to have wiped about £2.8m off ANL's earnings since the acquisition.

Tyndall's directors decided to take the loss below the line, although it is not standard accounting procedure, because they believed that to do otherwise would result in a distortion of the operating profitability of the group.

Mr Garnet Harrison, managing director, said yesterday: "Had we had the company (Clayton Robard) for five years we could have written the losses off against reserves. As it is, taking the losses above the line would have produced a misleading result."

The group's Australian investment and insurance interests accounted for about 46 per cent of the overall operating profits. Mr Harrison believes management reorganisation in Australia has reduced operating expenses by as much as 40 per cent.

He said the company would eventually be in a position for further expansion in Australia and in the areas of offshore banking and trust services which last year contributed nearly 22 per cent of operating profits.

Earnings per share for the year were 10.9p and the board is recommending a final dividend of 3p, making 5p for the year.

● comment

Mr Harrison's acquisition of Clayton Robard, hailed last summer as the triumphant reversal of Antipodean raids on UK companies, doesn't look as clever in the light of the crash. However, he claims that Tyndall's UK and international financial services interests, which contributed more than half the operating profits of the group last year, could maintain the company's growth on their own. Tyndall's Australian interests do look a little tidier after the recent staff cuts, the costs of which were included above the line. The company is also cash-rich, with about £30m in hand after acquisitions. The market is still likely to view Tyndall with caution however; pre-tax profits are expected to reach about £18m in 1988, and yesterday's closing price of 129p, down 1p, puts the shares on a prospective p/e of about 8, which looks fair, considering the recent traumas.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Baldwin	int	1†	Apr 15	-	-	1.25
Baltic	fin	1.6†	Apr 29	2	2.8	3.5♥
Capital Counties	fin	5†	-	4	8.5	7
Cont. & indust.	fin	30	Apr 27	-	50	20
First Scottish	fin	9	-	7.5	14	12
McAlpine (Alf)	fin	11.6	Apr 5	10.5	16	14.5
Metal Bulletin§	fin	3.15	-	3.15	4.8	4.8
NatWest Bank	fin	16	-	13.5	24	20.5
Newage Trans §	fin	2.5	-	-	3.5	-
Provident Fincl	fin	11.5	-	9	16	13
SEET	int	1.6	-	1.6	-	5.3
Tyndall Holdings	fin	3	-	-	5	-
Wise (Leslie)	fin	1.5†	Apr 15	0.25	2	0.75
Yorks Chemicals	fin	5	-	3.5	7	5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♠Unquoted stock. ♦Third market. ♥For 17 months. For seven months.

UK COMPANY NEWS

Confidence as Yorkshire Chemicals advances 89%

BY FIONA THOMPSON

Yorkshire Chemicals, manufacturer of dyes, tanning agents and speciality chemicals, yesterday reported an 89 per cent leap in profits for the year to December 31 1987.

Greater efficiencies, increased sales and higher prices all helped push the pre-tax figure up to £6.25m from a restated £3.31m, said Mr Phillip Lowe, chairman.

"It is the fourth year in a row that we have virtually doubled profits, and the company can be a great deal better yet. We are progressing in the right direction."

Turnover rose to £48.89m from £40.18m, the bulk of the increase coming from overseas sales which increased to £40.56m, compared with £32.93m last year. UK sales were £8.33m, against £7.25m.

The company has three divisions: colours, which manufactures dyes for processing natural and synthetic fibres; speciality products, which makes dyes and tanning agents for leather industries and a range of products for the reprographic, engineering plastics and chemicals industries; and the Australian division, which makes dyes and speciality chemicals.

Each division made an increased contribution, said Mr Lowe, with speciality products showing the greatest rise, boosting operating profits from £0.9m to £1.8m. The colours division lifted profits from £3.7m to £4.9m, while Australia reported £0.9m, compared with £0.5m last time.

Higher prices – 6 to 7 per cent across the group for the year – also helped, as did greater business efficiencies, on plant renewal for example.

Exchange rates were unhelpful, said Mr Lowe. "We believe currency movements robbed us of £600,000 to £700,000 in sales."

The UK tax charge was £783,000, against £274,000, with overseas taxation taking £722,000 (£321,000). Earnings per share rose to 25.4p from 16.8p. A final dividend of 5p has been recommended, making a total of 7p (5p) for the year.

● comment

Yorkshire surprised the City yesterday, as most analysts had been looking for profits of between £5m and £5.5m. Demand was up, raw material costs stable and improved operating efficiencies resulted in greater volume from the same capacity, improving margins across the board. The slight worry is that the major capital expenditure programme will lead to a higher interest charge this year, and ACT recoverable runs out in 1989, which will lift the tax rate from 24.1 per cent closer to the standard rate that year. Always in the background is the historically cyclical nature of dyestuffs. That said, forecasts for this year's pre-tax profits were swiftly marked up to just under £7.5m. The shares closed 1p up yesterday at 248p, producing an undemanding prospective p/e of 8.5.

Purchase aids Great Western

BY STEVEN BUTLER

Great Western Resources, the US energy company listed in London, expanded rapidly last year with the purchase of the US assets of Bow Valley Industries. This helped to boost revenues from $16m to $106m (£60m) in the year to end-September 1987. The results included nine months of contributions from Bow Valley.

Profits before tax and write-down of assets rose from $1.4m to $4.7m, with earnings per share up to eight cents from three cents. After the write downs, however, the company showed a $1.49 loss per share.

The write downs amounted to $13.8m for certain oil and gas producing properties, and $33.2m for non-producing properties where the company did not anticipate further development activity in the forseeable future. The write-downs did not affect the company's cash flow.

The company cited an encouraging outlook on the Bluebell/Altamont field in Utah, acquired as part of the Bow Valley assets, where "substantial" additional development drilling and recompletions of existing fields was anticipated.

In January, significant gas and condensate reserves were discovered in two test well in the Gulf of Mexico in which Great Western has a 25 per cent interest. Some ten additional wells are expected to be drilled over the next two years.

After the write-downs, Great Western's total assets at the end of September were $227m, compared to shareholders funds of $118m. Assets in 1986 were $88m.

A debt to Citibank has fallen from $85m one year ago to currently about $37m, and is expected to be repaid within the calendar year. The payments were funded in part by a £35m rights issue, and the company currently has $50m in cash.

The full year dividend came to 4.57p gross for class A common shares, compared to 2.86 last year.

ISSUE NEWS

AJ Archer valued at £30m in placing

BY NICK BUNKER

A.J.Archer Holdings, Lloyd's insurance underwriting agent, is coming to the Stock Exchange this week in a placing which values the group at £30m.

One of the biggest among more than 200 companies which manage underwriting at Lloyd's of London, Archer is putting 26 per cent of its shares with institutions in a placing handled by Charterhouse, merchant bank.

The only quoted underwriting agent at present is Sturge Holdings, the biggest at Lloyd's. Merrett Holdings, which ranks second, had long been expected to precede Archer to the market. Archer manages eight Lloyd's syndicates, with 1988 premium capacity of £258m.

Charterhouse is placing 5.994m shares at 130p each, giving a prospective price-earnings multiple of 9.7 on the base of pre-tax profits of £5.3m for the year to September 30. Dealings should start on March 1.

Archer has an added interest because it is based around one of the most profitable marine insurance syndicates at Lloyd's - number 741 - which was run until 1982 by Mr Ian Posgate.

Mr Posgate, now facing a criminal fraud charge, had the reputation of being the most dynamic underwriter in the market's recent history.

Mr Jimmy Archer, 65-year-old chairman of Archer, took over running syndicate 741 after Mr Posgate was dismissed in September 1982. Since then it has continued to be successful, making pre-tax profits of £31.7m in 1984.

Archer Holdings is a renamed version of the former Alexander Howden Underwriting Limited (AHUL), which was owned by Alexander Howden, the insurance broker, until a management buy-out in late 1985.

A problematic feature of investor presentations yesterday was that Archer's forecast of £5.3m in pre-tax profits represented a decline from £8.2m in 1987, £7.564m for 1986 and £6.239m for 1985. Mr Chris Burton, joint managing director, said this was because earlier years' results had been boosted by exceptional items.

Principally, syndicate 741 has altered several times its estimates of its outstanding liabilities - which has had the effect of releasing more profits which emerged as wind-falls for the group in 1986.

Gardiner coming to market with £12m tag

BY PHILIP COGGAN

MR GEOFFREY GARDINER was in London yesterday to launch the Gardiner group on the main market and he set about bringing a breath of Rochdale air to the rarified atmosphere of the City. "We're northern businessmen. We're workers. We don't have three hour lunches" he said.

He started the business from the back of a van in the 1970s. By last year, the group had turnover of £15m, supplying security equipment, such as infra-red passive detectors and control panels, to corporate customers.

Gardiner does not manufacture anything it sells. It distributes around 800 types of product from a network of branches in the UK, plus further depots in Belgium and the Netherlands. Funds raised in the flotation will be used to help the group expand elsewhere in Europe.

Early problems in the Dutch business caused the group's pre-tax profits to dip to £31,000 in the year to October 31 1985 but they recovered to £662,000 in 1986 and £1.22m last year. Gardiner is forecasting pre-tax profits of not less than £1.8m this year.

Griffiths and Lamb, the Birmingham-based stockbroker, is placing 10m shares, 25 per cent of the equity, at 30p each, giving the group a market capitalisation of £12m. The shares are on a prospective p/e of 10 at the placing price.

The vast bulk of the shares being placed are new and Mr Gardiner, who is chairman and managing director, will retain 67.5 per cent of the equity. His long term partner, Mr Paul Kelly, now sales director, has a further 7.5 per cent.

Baldwin doubled at £447,000 halftime

FURTHER PROGRESS has been made by Baldwin, concrete building products, property and specialist printing group, which saw a change of management last May.

In the half year ended October 31 1987, it lifted turnover from £3.32m to £4.73m and pre-tax profit from £222,000 to £447,000, including £160,000 from the sale of property. The figures take in Snows Business Forms on a merger accounting basis.

Earnings for the period were 4.31p (2.55p) and there is an interim dividend of 1p.

Last October the company created its third operating division with the acquisition of Snows. That company was trading ahead of budget and the directors expressed confidence that its current year profit would exceed the £300,000 warranted.

In the half year concrete products made an improved contribution to profits, and the order book for the second half remained high.

The property side stayed active. Before the end of the year the valuation of the remaining properties will be reviewed.

US setback for SEET

AN "unfavourable fashion cycle" in North America for the group's Harris Tweed products resulted in reduced turnover and profits at Scottish English and European Textiles in the six months to end-October.

Mr Jock Mackenzie, chairman, said that the downturn at the Harris Tweed manufacturing subsidiary Kenneth Mackenzie was likely to continue in the second half.

Taxable profits fell 15 per cent to £344,000 on turnover down to £4.81m (£5.52m). After tax of £120,000 (£141,000) and minorities £56,000 (£32,000), earnings per 20p share declined to 4.19p against 5.76p last time.

The interim dividend is maintained at 1.6p.

Second half lifts Metal Bulletin

A substantial recovery in the second half enabled Metal Bulletin, USM publisher of trade journals and books, to produce a pre-tax profit of £1.11m for 1987, against £1.29m last time.

Earnings came out at 8.31p (9.5p) per share and the final dividend is 3.15p for an unchanged total of 4.8p.

The buoyant conditions in the metal markets experienced in the latter part of 1987 should help the first half of the current year. Intense activity was again expected, with the company's ability to generate profitability from new ventures being a key factor in determining growth.

There was an extraordinary charge of £92,000 for an abandoned venture, Communications Now. It could not be turned round quickly enough to meet pre-set targets.

Record orders as Newage rises 12.5%

Stripping out an exceptional item, profits of Newage Transmissions rose 12.5 per cent in 1987, from sales up 11.5 per cent.

Total profit came to £2.08m, and included £360,000 relating to a Retention of Title claim from previous years: the 1986 figure was £1.53m. Sales came to £11.63m (£10.43m).

Earnings were 11.4p (9p) and the final dividend is 2.5p for a 3.5p total. The company, which came to the USM in September 1986, makes and sells gearboxes and transmissions.

The directors said that from a low base orders increased steadily throughout the year, and they were now at record levels with demand strong.

Backed by an increase of some 25 per cent in the workforce, £1m invested in new machinery and a strong balance sheet, that boded well for a successful current year, they added.

Scottish Eastern

In the year ended January 31 1988 Scottish Eastern Investment Trust lifted its earnings from 2.28p to 2.47p, and is paying a final dividend of 1.5p for a 2.5p total, against 2.2p.

At the end of January net asset value had fallen from 171.3p to 151p taking prior charges at par, and from 171.6p to 152.8p with charges at market value. Some 64 per cent of the portfolio was invested in the UK, 16 per cent in North America, 11 per cent in Japan, and 6 per cent in Continental Europe.

Transrap set for USM

BY HEATHER FARMBROUGH

THE LATEST company to be bagged by the USM packaging sector is Transrap Holdings, Derbyshire-based manufacturer of flexible plastic packaging products, which is coming to the market with a placing of 2.5m shares at 50p per share.

At a market capitalisation of £5m, it will be the second largest packaging company on the USM after Dolphin Packaging. Transrap has around 20 per cent of the UK market for greeting cards and also makes bags for textile products, such as tights, for bakery products and other foods.

The installation of a second colour printing press in March this year is expected to help the company break into the frozen food packaging market, where there is strong demand for more complex and high quality design.

On forecast pre-tax profits of £600,000 (£492,000) for the year to March 31, the company is valued on a prospective p/e of 11.6 and a prospective yield of 5.48 per cent. An historic p/e of 13.9 is in line with the USM sector.

Following the issue, the directors will have 78.8 per cent of the share capital. Brokers are Earnshaw, Haes and dealings are expected to start on March 7.

COMPANY NEWS IN BRIEF

F&C ENTERPRISE TRUST increased net asset value from 33p to 36p per share for 1987 on gross revenue of £935,716 (£870,159). Total assets less current liabilities were £34m (£30.7m). Earnings per share 0.2p (0.21p) and tax paid £78,324 (£76,966).

BENSON (industrial group): Turnover £4.34m (£4.35m) and pre-tax profits £559,000 (£340,000) for six months to November 30 1987. Directors expect to recommend increased dividend for the year as a whole. Tax of £186,000 (£92,000) left earnings at 1.73p (1.24p). County Tractors should make significant contribution to second half profits.

SPEYHAWK is purchasing the freehold of its registered office, Osprey House, Old Isleworth, from Kleinwort Benson Trustees. The consideration is being satisfied by £1.85m cash and the issue of 700,000 ordinary shares. The property is currently valued at not less than £3.87m.

W CANNING has acquired Ditronic, West German distributor of electronic components, for £1.9m cash with further payment dependent on profits.

H YOUNG HOLDINGS has disposed of its prescription houses Draper Opthalmics and Draford Optical at book value for £85,000. The disposal took the form of a management buy-out to Mr Michael Hammond through his company Sealhart. Crofton Optical (Flyde), which was involved in the prescription house business, has been closed.

A CAIRD & SONS has acquired the Teesside Training and Technology Centre, a freehold property at Teesside airport. Of the 21,600 sq ft of net lettable space, 13,600 sq ft is let on a 5-year lease at £3.40 per sq ft, giving an initial yield on the £275,000 purchase price of 16.8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Burford Group, Dale Group, Eleco, Geevor Tin Mines, Hamburger Brooks

Finals- AAF Investment Corporation, BPP, Barclays Bank, Fairway (London), Jacksons Bourne End, Royal Insurance, Taveners, Updown Investment, Wates City of London Properties

FUTURE DATES

Interims-	
Barrett (Henry)	Mar 28
F & H Group	Mar 17
Lawtex	Mar 2
Finals-	
Antofagasta	Mar 10
Commercial Bank Near East	Mar 8
ISA International	Apr 11
Johnstones Paints	Mar 1
Ludlow Thomson	Mar 10
OCE (UK)	Feb 25
Palma	Mar 7
Perry Group	Mar 8
Record Holdings	Mar 1
Rowntree	Mar 17
STC	Mar 1
Save & Prosper Gold Fund	Mar 8
Task Force	Mar 1
Tozer Kemsley & Millbourn	Mar 3

PAUL CHEESERIGHT EXAMINES YESTERDAY'S TWO PROPERTY DEALS

Imry seeks tie-up with CMD

THE STOCK market yesterday took a cool view of the plans for an agreed merger between **Imry International** and **City Merchant Developers**, formerly Rivlin, to set up a new property group with a market capitalisation of £191m.

Imry shares fell 10p to 375p and CMD shares slipped 5p to 95p, against the background of a generally strong property sector.

The terms of the merger are one new Imry ordinary share for every four CMD shares and one new Imry convertible preference share for every one CMD convertible preference share.

On the basis of last Monday's market prices, the Imry offers values each CMD share at 96.25p and the whole company at £89.7m.

The merged company, to be called Imry Merchant Developers, has sprung out of the longstanding personal association between the two respective chief executives, Mr Martin Myers of Imry and Mr Martin Landau of CMD.

"We believe that we are stronger together than we are apart," said Mr Myers. "The two companies together will have a greater opportunity of becoming a major force" Mr Landau added.

So far Imry has received acceptances to accept the offer on behalf of 15.5 per cent of the CMD equity.

If the merger goes through then CMD's existing shareholders will hold some 45 per cent of Imry's enlarged share capital.

The reasons behind the merger lie in the complementarity of the two companies. CMD is strong in the City, where Imry has no presence. CMD has greater development experience than Imry but Imry has trading expertise that CMD lacks.

The flow of revenue from the two companies is fortunately but fortuitously staggered. The main profits CMD expects to earn in the City will come over the next three years, after which there should be a strong flow of earnings from Imry's retail developments and from the St George's Hospital project in London's West End.

Aurora sells 89% Hampton stake at loss

Aurora Group, the New Zealand property company controlled by Equiticorp, yesterday agreed to sell its dominant holding in **Hampton Trust** to **Southend Property** at a loss of £26.17m, **writes Paul Cheeseright.**

Rapidly growing Southend Property has made a bid for the whole of Hampton's issued capital, valuing the company at £70.8m. The immediate effect of the merger, which has been secured by Aurora's acceptance for the 89 per cent of Hampton it controls, is to raise Southend's net asset value per share from 145p to 175p.

Hampton has a portfolio of retail and office property in the south-east and a stake in an Australian gold mine. This last will probably be sold by Southend.

The cash element of the Southend offer puts a value of 85p a share on Hampton, which is 35p less than Aurora paid for its stake just before the October stock market collapse, and 22p less than the market price just before the acceptance of the Southend offer.

Highly geared and needing cash after the market fall, Aurora has in effect been forced to cut its losses, a situation that Southend, which first looked at acquiring Hampton six months ago, has been able to exploit.

Holders of the 11 per cent of Hampton equity not owned by Aurora are receiving a basic offer of 44 new Southend shares plus £63.55 in cash for every 155 of their Hampton shares. They may also take the cash offer or new Southend shares on which a value of 184p each has been put.

New Southend shares becoming available because of acceptances of the cash alternative are being offered to existing shareholders on the basis of one new share for every three held, at the same price of 184p.

Hampton shares yesterday fell 23p to 85p, while Southend slipped 10p to 174p.

More mergers are on the cards

RIPPLES FROM the stock market collapse last October are turning into property takeover waves. In the City, the expectation is that more mergers are on the cards as the cash- and asset-rich companies take over their weaker brethren, **writes Paul Cheeseright.**

Yesterday's two bids bring to four the number of significant property takeovers or mergers since October's shakeout.

The first was the Trafalgar House bid for Chase Property, a move that has three elements in common with Southend's swoop for Hampton Trust through its deal with Aurora. Both Chase and Aurora are New Zealand-backed. Both had been acquisitive when the market had been at its height, and both found after the crash that they needed cash and that there was no question of sustenance from their parents, hurt by the fall of the New Zealand market.

Where purely domestic considerations have been at issue, one key effect of the market fall has to been to stop in its tracks the movement by property companies to expand through the issue of paper.

In this light the merger plans of Imry International and City Merchant Developers look defensive. Deprived of the equity market to provide new capital for extensive development programmes, their chances of raising finance through bank borrowings look better if they are together than if they remain apart.

But yet another effect of the market crash has been to bring the market price of property company shares more closely into line with their underlying asset value. Since October, shares have often been trading at a discount to asset values.

The fourth recent bid is that by Peachey Property for Estates Property Investment Company. Before October, Peachey would certainly have had to pay substantially over the asset value for EPIC. The bid is pitched higher than EPIC's net asset value at March 1987, but is lower than the revaluation of the assets carried out by EPIC as part of its defence.

Whether Peachey will make a higher bid remains to be seen, but the point is that companies with cash in hand are in a position to make takeovers at a cheaper price than five months ago, against a background of buoyant sales and rental conditions in the property market.

Saatchi expansion in US

By Philip Rawstorne

Saatchi & Saatchi, the advertising and business services group, yesterday announced that it had acquired Syllogistics, a US company specialising in human resource and manpower planning consulting for US government departments and agencies.

Saatchi is paying $1.35m (£0.7m) cash for the company. Further cash payments up to a total limit of $6.5m may be made, depending on future profits.

For several years, Syllogistics has worked on joint ventures with the Saatchi subsidiary, Hay Group. They will continue to work closely together.

Syllogistics had revenues of $2.5m and $214,000 pre-tax profits in the year ended September, 1987. Its founder, Mr John Johnston, remains president and chief executive and has entered a long service agreement together with two key executives.

Saatchi also announced yesterday that its consulting subsidiary, Moxon Dolphin & Kerby, is paying $950,000 cash for the recruitment advertising division of another US company, Knoth & Meath.

MDK is already well established in this field in the UK and the move is part of a programme to increase its presence in various parts of the US.

Yearlings lower

The interest rate for this week's issue of local authority bonds is 9⅝ per cent, down ⅛ of a percentage point from last week, and compares with 10¼ per cent a year ago. The bonds are issued at par and are redeemable on March 1 1989.

David Waller on the £71m approach to UniChem

A lack of chemical attraction

WHEN IS a bid not a bid? The answer seems to be when a friendly society such as UniChem receives an unwelcome approach from a public company such as Macarthy.

The rhetoric of rejection is familiar, but otherwise the situation is unprecedented. Turned into a co-operative in 1959, UniChem, the UK's second largest wholesale distributor of pharmaceutical products, is owned by independent chemists. It is not governed by the Companies Act or the Takeover Code – and does not intend to be until 1990 when it plans to shrug of its antiquated status.

In the meantime, it hopes to wrest market share from its main competitors – principally Vestric, a subsidiary of the quoted AAH, and Macarthy itself – by offering cheap shares to customers in return for extra spending with UniChem. Worth £1 now, the shares will supposedly sell at £12 or more at the time of flotation.

Nicholas Ward, chairman of Macarthy

The scheme has only been in operation since the start of the year, and has already sent the industry into convulsion. Squeezed three ways – between manufacturers, a government intent on getting better value for its health budget and cheap imports – wholesalers' margins have been under formidable pressure over recent years. For many, the UniChem scheme is the last straw.

According to Mr Peter Dodd, UniChem's outspoken chief executive, the take-up among chemists has surpassed all expectations. Year-on-year sales are up a quarter this month, and 320 new accounts have been added to the 5,000 serviced at the beginning of the year. Some 500 chemists, included in the earlier total, are now using UniChem as the prime rather than second source of supplies.

AAH's response has not yet been formulated, but a press conference has been called for tomorrow; Macarthy has responded by attempting to negotiate an agreed takeover of UniChem, which values the larger business at £71.3m.

Having failed to do so, Macarthy yesterday published details of an offer which includes a partial cash alternative and an element of deferred consideration. It said that a link-up between the two businesses on these terms would bring immediate commercial benefits to both Macarthy and the UniChem shareholders.

Mr Dodd agreed with at least part of this, saying that the benefits to Macarthy were obvious. The company does not have a national distribution chain, unlike UniChem – and in an industry where gross margins are tightly controlled through the Government's Pharmaceutical Price Regulation Scheme, cost elimination through economies of scale would have an immediate effect on the bottom line.

Yet Mr Dodd said that the benefits to UniChem shareholders were non-existent on four grounds. Macarthy was inefficient, he claimed. The price offered was "ludicrously low". There would be a conflict of interest between the interests of Macarthy's chain of retail chemists and those of the independent pharmacists who own UniChem – and that the bid approach was engendered out of panic at the success of its share incentive scheme.

At first sight, the move from Macarthy seems somewhat perplexing. First of all, it is inconsistent with the strategy of Mr Nicholas Ward, chairman and chief executive, of concentrating on the retail side of the business, which expanded substantially last September with the acquisition of the Drummond Pharmacy Group from Guinness for £42.6m.

Furthermore, analysts believe that the acquisition would have a mildly dilutive effect on Macarthy's earnings as it involves an 83 per cent increase in the company's equity over a period of three years. Following on from a one-for-one rights issue to finance the Drummonds acquisition, this would not be popular in the City. Reflecting this perhaps, Macarthy's shares closed 7p down at 310p

This does not leave much room for an increase in the terms of the offer such as would surely be necessary to win over the UniChem board. Macarthy has no mechanism through which to reach the UniChem shareholders over the heads of its management – under the Industrial and Provident Societies Act (1965), Macarthy is not even allowed access to UniChem's share register.

The company is clearly hoping to stir up a groundswell of support for its proposals among UniChem's shareholders – those who would prefer to realise their holdings now rather than in two-and-a-half years' time at a hypothetical price.

Continental & Industrial net assets up

Net asset value per 25p ordinary share of **Continental & Industrial Trust** stood at 910.2p at December 31 1987, compared with 868.2p a year earlier. A final dividend of 30p makes a total for the year of 50p, against 20p for the previous seven months period.

Mr Donald Gordon, chairman, said a cautious approach would continue to be applied to the long-term policy of building up a portfolio of investments in the financial services sector.

After-tax revenue more than doubled from £3.36m to £8.88m. Earnings per ordinary share were 52.39p (19.68p).

First Scottish Am.

At January 31 1988 net asset value per 25p ordinary share of **First Scottish American Trust** was 466p, compared with 468.7p. The final dividend is raised to 9p, making 14p (12p) for the year.

Revenue after tax increased 22 per cent from £3.96m to £4.83m. Earnings per share were 15.14p (12.4p).

Egerton Trust expands US aggregates business

BY NIKKI TAIT

Egerton Trust, the fast-growing construction and property group, is boosting its US aggregates interests via the purchase of a Massachusetts-based company, Scavone, and certain related interests.

The acquisition covers the business plus certain assets and liabilities of Scavone Construction and Mass Sand & Gravel, land owned by Mr J.J. Scavone, Senior, and the shares of Auburn C&J Realty Trust.

It will cost Egerton an initial $13.5m cash; in addition, Egerton will pay a deferred consideration which must be a minimum of $4m, but cannot exceed $10m.

The deal was foreshadowed with Egerton's final results for 1987, issued earlier this month. The UK company believes that the acquisition will complement its existing aggregates business, Emaral, which is also in Massachusetts. Egerton has reported strong activity in New England, and Scavone should push its involvement farther towards the key Boston area.

Scavone's land assets include around 260 acres where mineral desposits are capable of yielding 40-50m cubic yards of stone. When blasted, the stone provides aggregate for the production of ready-mix concrete. Independent valuation reports put the total land value at not less the $16.6m and the plant at not less than $1.5m.

Present capacity at Scavone suggests production of around 1m tons of aggregate a year, and Egerton estimates that some 40 per cent of that could go direct to Emaral. In addition, Egerton says that Scavone's land has "considerable development potential" after the stone deposits have been quarried.

Egerton expects to fund the acquisition from existing resources, which will take gearing from around 35 per cent at the year-end to about 63 per cent.

Yesterday, the company said that a prospective UK acquisition was still under discussion, as was a possible placing of some 10 per cent of its US subsidiary, Egerton Inc, with US institutions.

Egerton shares rose 5p to 201p yesterday.

Argentina finds natural gas at sea

BY TIM COONE IN BUENOS AIRES

AN OFFSHORE natural gas discovery in Argentina has boosted the country's probable reserves by about 25 per cent and may have international repercussions because of the new gasfield's geological links with the Falkland Islands.

The find, fewer than 500km (311 miles) from the disputed islands, was announced on Monday evening by Dr Jorge Lapena, Argentina's Energy Secretary.

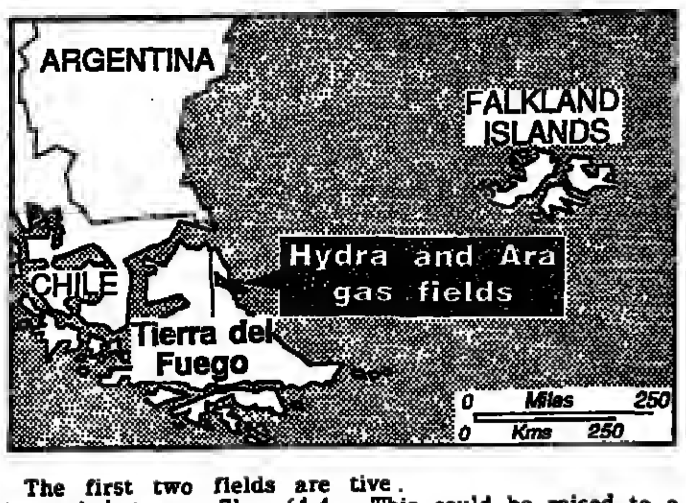
He said it was the most important hydrocarbon discovery in Argentina this decade and the country's first commercial offshore find.

An international consortium comprising Total, the French company (37.5 per cent), Deminex, of West Germany (37.5 per cent) and Bridas, of Argentina (25 per cent) has been exploring the Austral basin off Tierra del Fuego since 1978.

So far it hae invested $220m(£187m) in exploration.

The find comprises 11 separate fields of commercial value. Of these, two known as Hydra and Ara are to be developed over the next two years with further investment of $430m.

Sub-contracting tenders for production platforms and onshore processing facilities are to be called for soon. Production is expected to begin at the end of next year.



The first two fields are located between 7km (4.4 miles) and 13km (8.1 miles) off the north-east coast of Tierra del Fuego at water depths of between 20 metres (66ft) and 40 metres (132ft).

Development costs of the entire discovery are estimated at about $1.5bn.

Proven reserves in Hydra and Ara fields are 7m cu metres of crude oil and 15bn cu metres of gas respectively.

There are probable reserves in the remaining nine fields of a further 98bn cu metres of gas – with a 90 per cent statistical probability, says a Total executive.

This could be raised to a potential 285bn cu metres by further exploration work.

Argentina consumes about 20m cu metres of natural gas a year. Its proven gas reserves were 681bn cu metres at the end of 1985, of which the Austral basin accounted for 14 per cent.

The head of the exploration department of Yacimientos Petroliferos Fiscales (YPF), the state oil company, said: "There is geological continuity between the Austral basin and the Malvinas [Falkland Islands]."

However, he said there was no data yet to prove that major deposits exist there.

None the less, the find will inevitably renew interest in the possibility of finding commercial oil and gas deposits in the Falklands and could become a further cause of tension between Argentina and the UK.

Dr Lapena said Argentina was self-sufficient in oil and gas supplies. The new discovery would boost the Government's so-called Houston Plan.

This plan was launched in 1986 to attract foreign oil companies to the country, to explore for oil and gas on risk contracts.

In the first three licensing rounds a total of 11 contracts have so far been put in force. Another 22 are awaiting government approval.

Dr Lapena said "this will permit the consolidation of our self-sufficiency plans and produce exportable surpluses."

The most likely importers of Argentine natural gas are Chile, Uruguay and Brazil. Talks have been underway for some time to build a gas pipeline to supply Uruguay and Brazil.

Argentina imports 6m cu metres of natural gas a day from Bolivia under a contract which expires in 1992.

The fourth licensing round under the Houston Plan is due to be called in May.

Scottish fish-farms warned of threat

By James Buxton in Inverness

THE Highlands and Islands Development Board yesterday criticised conservation groups which attack the growth of fish-farming in Scotland.

Mr Archie McGunn, board member, told fish-farmers their industry's potential was threatened by "some self-styled custodians of the environment, often absentee, who apparently have little interest in conserving people and communities but who profess more interest in preserving the Highlands in aspic."

The board has contributed £20m to fish-farm growth in its region over recent years.

Mr McGunn was addressing the annual Scottish Fish Farming Conference in Inverness.

Earlier Lord Sanderson of Bowden, Scottish Agriculture Minister, showed the rapid growth of salmon-farming.

Farmed-salmon output rose from 10,300 tonnes in 1986 to 12,700 tonnes last year, official figures showed. Planned developments mean output is expected to reach 22,000 tonnes this year and 40,000 tonnes next year.

But the burgeoning industry is often criticised by environmental groups for the proliferation of fish-cages amid beautiful, remote scenery.

The Scottish Scenic Trust, based in London, called this week for tighter planning controls on fish-farming and for some sea-lochs to be put out of bounds.

Mr McGunn said the main conservation role fish-farming had in the Highlands was conserving communities of people, to bring long-term job security and prosperity.

However, he said the industry, which since about 1980 has created about 5,000 jobs, directly and indirectly, had to leave no grounds for complaint on environmental and visual conservation grounds.

Lord Sanderson said the Scottish Office was still considering proposals by environmental groups for changes in the planning regime for fish-farming.

He was not convinced what was on offer was better than the present system, Under this the Crown Estate, which rents out seabed sites, plays a key role.

He said his most important message to the industry was for it to increase its marketing effort.

He welcomed the recent setting up of the Scottish Salmon Farming Marketing Board, which aims to devote 2 per cent of the industry's current $100m turnover to promote farmed salmon.

Court overturns EC's ban on hormones in meat production

BY TIM DICKSON IN BRUSSELS

THE European Court of Justice yesterday overturned the European Community's directive banning use of hormones in meat production.

But the surprise ruling, which went against the earlier opinion of the court's Advocate General, is thought by many observers to be less dramatic than at first appears.

With national legislation already in place the immediate practical effects of the decision are likely to be limited, while the European Commission last night confirmed that it plans to resubmit its original proposals to member-states.

The court's judgment rests wholly on its view that the EC's Council of Ministers infringed its own rules of procedure when the prohibition was agreed in December 1985. The ban only came into effect on January 1 this year.

It says almost nothing about the substantive issue of whether key scientific evidence was ignored. Significantly, for the British Government, it does not support the UK's crucial contention that the proposal was put forward by the commission under the wrong legal basis.

The question of whether plant and animal health matters should be considered by the community under the legal base known as article 43, which provides for majority voting, or article 100A, which requires unanimity, has been a key issue of principle in London, especially since introduction last year of more majority voting under the cumbersomely-named Single European Act.

Britain considers that national sovereignty over questions of consumer protection are at stake.

It was largely this issue which prompted Britain to mount its legal challenge to the hormone directive, not the health and safety question which has mainly motivated other opponents, notably Europe's pharmaceutical lobby and major EC trading partners like the US.

Yesterday's judgment was described by a community diplomat as a Pyrrhic victory for Britain. The court said, on the key article-43 question, that "even where the legislation in question is directed both to objectives of agricultural policy and to other objectives which, in the absence of specific provisions are pursued with the basis of articles 100 of the treaty ... that article cannot be relied on for restricting article 43 of the treaty."

The court only upheld Britain's case on the grounds that the Council of Ministers had infringed the so-called written procedure for securing final agreement, even after the UK had objected to the principle of this approach.

The judgment said this was a sufficiently serious breach of the council's rules for the entire directive to be annulled.

The implications of yesterday's ruling were not entirely clear last night. All 12 member-states of the EC have passed their own national legislation to comply with the directive,so in practice the ban still applies.

Moreover, the European Commission indicated that since outlawing hormones in meat production is community policy, new legislative proposals will be submitted "as soon as possible." A spokesman did not say whether they would be identical to the directive which has now been annulled.

Britain said last night that it would be "considering its position" but it seemed unlikely the qualified majority of member-states in favour of a ban would be undone.

However, the European Parliament's new powers could lengthen the political debate and consideration which will accompany a new directive.

Another uncertainty was the fate of the 12-month delay of the ban for intra-community trade in hormone-treated beef. This was agreed last November as a means of averting a simmering dispute with the US but commission officials thought last night it would not be affected.

Zinc cut by Hudson Bay

By Our Mining Correspondent

HUDSON BAY Mining, the Canadian natural resources group, said yesterday it would cut zinc output by between 55 per cent and 85 per cent of the expected level.

This follows a tank-house structural failure at its Flin Flon facility in Manitoba on the border with Saskatchewan.

But supplies to customers would not be cut, the company insisted. Repairs would take two to three months.

Last year Hudson Bay sold about 186m lb of zinc.

News of the company's problems yesterday underpinned the free-market price of cadmium ingots, made by Hudson Bay as a by-product.

So did traders' suggestions that two major European producers had increased their French franc prices to the equivalent of $7.50 a lb.

Nine months ago cadmium's free-market price was $1 a lb. It recently passed the record price of $5.10 reached in May 1974, because of demand from nickel-cadmium rechargeable-battery makers.

The price rose to $7.40 last week before drifting back to yesterday's level. Traders were quoting $6.90 to $7.10 a lb.

Mr Nick French, of Wogen Resources, the London metal-trading group, said the Hudson Bay and other developments had given the price "a feeling of cosy firmness."

Soviet move on palladium

BY KENNETH GOODING, MINING CORRESPONDENT

THE Soviet Union has changed its marketing policies to maximise its revenue from palladium, the New-York based American Precious Metals Advisors consultancy group says in its newsletter.

Soviet palladium output exceeds 2.5m ounces a year. About 40 per cent to 50 per cent is sold on the free market. The rest goes to Eastern bloc industrial clients.

The Soviet Union, as the so-called swing supplier, that is the one able to shut down capacity when prices are low or bring it back into operation when they rise, often sets the tone of the market, says Mr Jeffrey Nichols, APMA president.

The Soviet Union requires dealers in the West to buy contractual quantities of palladium each month at a price reflecting the recently prevailing average in the market. They may be allowed to buy extra at prices reflecting the current spot market.

Mr Nichols says that this year the Soviets, to maximise revenues, cut contractual quantities sold to dealers by 20 per cent to 25 per cent but have indicated they will sell offsetting amounts to dealers at spot prices.

"In other words, they will be selling less at times when prices are low and consumers may wish to take maximum quantities, and more when demand pushes market prices higher," he says.

He suggests the two main results of the new Soviet strategy will be:

● A cut in stocks because of a fall in the flow of palladium to the market.

● A reduction in price volatility.

Palladium supplies from free-world mine production, scrap recovery and Soviet sales have consistently fallen behind demand since 1982.

Last year supplies totalled nearly 3.4m ounces while industrial use totalled 3.6m. Industrial use was by the electrical industry (32 per cent), dentistry (29 per cent), petrochemical manufacturing (15 per cent) and automotive catalysts (11 per cent).

This, with deficits in the four previous years, helped to cut the cumulative surplus of between 2m ounces and 3m ounces, built before 1982, to between 1m ounces and 2m ounces, says APMA.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,260-2,300 (2,290-2,320).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 5.40-5.70 (5.25-5.50).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 6.50-7.00 (4.50-4.80), sticks 6.50-7.00 (4.50-4.80).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.85-7.05 (6.85-7.05).

MERCURY: European free market, min 99.99 per cent, $ per 76 lb flask, in warehouse, 295-310 (285-310).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.18-3.23 (same).

SELENIUM: European free market, min 99.6 per cent, $ per lb, in warehouse, 10.40-10.80 (9.60-9.80).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO_3, cif, 49-58 (same).

VANADIUM: European free market, min 98 per cent, V_2O_5, cif, 2.85-2.95 (2.80-2.90).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 16.30 (same).

British Alcan abandons guide

BRITISH ALCAN Aluminium has abandoned its attempts to give a guide to the price of primary aluminium-ingot products in competition with the London Metal Exchange and withdrawn its price-list for the UK and Ireland.

The price-list, introduced more than 10 years ago, was designed for "users of aluminium rather than for traders." British Alcan hoped its existence would moderate price volatility on the LME.

Imitation dairy-products ban 'illegal'

BY Tim Dickson

THE FRENCH Government was yesterday told that its long-standing ban on imitation dairy-products is illegal under European Community law.

The judgment in the European Court of Justice in Luxembourg appears to end a highly-charged three-and-a-half year battle between Paris and Brussels which has been marked by an unusually persistent degree of political pressure on the European Commission.

France has always justified its ban, which dates to 1934, on the grounds that consumers need to be protected from so-called fake dairy-products such as cream-toppings and coffee-whiteners, and that free circulation of milk substitutes is inappropriate when ordinary milk production is being restrained by milk quotas.

The legal challenge was first mounted by the commission in 1984, after a complaint from a Dutch trader, on the grounds the national ban contravened article 30 of the Treaty of Rome, which supports free movement of goods.

An opinion delivered by Sir Gordon Slynn, Advocate General, in March 1986 strongly backed the commission's case but there followed a series of delays in the legal procedure which those involved readily admitted were largely politically inspired.

Then, last July, the EC's farm ministers took a decision in the context of the 1987-88 price package which appeared to endorse national prohibitions in both France and West Germany until the end of the current five-year milk quota regime in 1989.

Essentially it was the wording of this agreement which the court yesterday ruled is contrary to the Treaty of Rome. The ruling also said appropriate labelling would be sufficient to warn those who might be misled by imitation products.

Low US cattle herd 'means price rise'

BY DEBORAH HARGREAVES IN CHICAGO

THE US cattle herd has reached its lowest level since 1961 at under 100m head and prices look set to peak in the spring.

Mr Tom Morgan, president of Sterling Research, meat-market analysts, said: "Users of beef are going to be facing some very severe pressures this year and next as supply is squeezed and prices rise."

He believes cash cattle prices could reach 78 cents a lb in April, the record level of 1979.

Cattle numbers have plunged since 1982 when herd-liquidation began. Some rebuilding is underway but herds are likely to grow very slowly over the next couple of years.

Mr Morgan says tax-law changes have restricted the way farmers can write off herds and that beef-cow herds are, typically, not very profitable.

As well as this, farmers are perceiving higher prices as a temporary bubble. They are hesitant to launch long-term herd-expansion plans.

This year's severe winter has further restricted beef supplies. Cattle have failed to gain weight and have either been kept off the market or have not yielded as much meat. This has led to some back-up in marketing cattle.

Chicago's futures markets have seen renewed volatility as cattle numbers have diminished. "This market is characterised by sharp price swings," Mr Morgan says.

Volume in live-cattle futures at the Chicago Mercantile Exchange has risen substantially in the past year, to trade 28,000 lots a day.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA PRICES fell steeply yesterday, the second position contract closing at £1,040 a tonne, a fall of £27 and the lowest closing level since December 9. Liquidation of long positions, stop-loss selling and chartist selling followed a similar fall in New York prices. Dealers said the market lacked confidence in the International Cocoa Organisation's buffer stock buying and in any constructive outcome from the forthcoming ICCO talks, which will discuss a withholding scheme for 120,000 tonnes of cocoa. Yesterday the buffer stock manager bought a further 5,000 tonnes of cocoa, taking his total holding to 244,000 tonnes – only 6,000 tonnes short of the limit. Coffee prices also fell in line with New York in the afternoon. Dealers said the market had suffered a technical reaction to Monday's advance.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.80-4.85y	+0.045
Brent Blend	$15.55-5.65z	-0.06
W.T.I.(1 pm est)	$13.60-6.65y	+0.095
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$172-175	+2.0
Gas Oil (Soviet)	$133-134	+1.5
Heavy Fuel Oil	$72-73	+1.0
Naphtha	$152-154	-1.0
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$442.25	-4.00
Silver (per troy oz)♣	634c	-7.00
Platinum (per troy oz)	$459.00	-8.25
Palladium (per troy oz)	$124.00	+2.75
Aluminium (free market)	$2310	+35
Copper (US Producer)	108¾-110c	-0.25
Lead (US Producer)	35.50c	
Nickel (free market)	395c	
Tin (European free market)	£3880	-5
Tin (Kuala Lumpur market)	17.28r	+0.02
Tin (New York)	$18.00c	+1.50
Zinc (Euro. Prod. Price)	$690	
Zinc (US Prime Western)	45.375c	
Cattle (live weight)†	106.45p	-0.90*
Sheep (dead weight)†	148.79p	-4.74*
Pigs (live weight)†	65.73p	-0.80*
London daily sugar (raw)	$227.00x	+1.00
London daily sugar (white)	$235.00x	
Tate and Lyle export price	£236.00	-0.50
Barley (English feed)	£108.50z	
Maize (US No. 3 yellow)	£132.00	
Wheat (US Dark Northern)	£99.00z	
Rubber (spot)♥	62.25p	-0.25
Rubber (Apr) ♥	66.25p	-0.25
Rubber (May) ♥	66.00p	
Rubber (KL RSS No 1 Mar)	283.00m	-0.50
Coconut oil (Philippines)§	$530.00u	
Palm Oil (Malaysian)§	$405.00x	-10.00
Copra (Philippines)§	$360.00w	
Soyabeans (US)	£159.00w	
Cotton "A" index	66.55c	-0.85
Wooltops (64s Super)	578p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. z-Mar. u-Apr/May. x-Mar/Apr. y-Apr. † Meat Commission average fatstock prices. * change from a week ago. ♥ London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	1015	1045	1042 1011
May	1040	1067	1065 1036
Jly	1058	1087	1085 1058
Sep	1078	1107	1104 1078
Dec	1106	1134	1131 1104
Mar	1130	1160	1155 1129
May	1150	1181	1173 1150

Turnover: 5274 (2252) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for February 23: 1314.24 (1351.18) .10 day average for February 24: 1334.03 (1334.54).

COFFEE £/tonne

	Close	Previous	High/Low
Mar	1285	1279	1275 1265
May	1297	1310	1306 1295
Jly	1321	1331	1329 1319
Sep	1339	1352	1349 1336
Nov	1359	1373	1370 1356
Jan	1380	1393	1385 1377
Mar	1400	1417	1410 1400

Turnover: 3807 (4620) lots of 5 tonnes
ICO indicator prices (US cents per pound) for February 22: Comp. daily 1979 125.39 (123.42); 15 day average 120.22 (119.57).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	185.00	193.40	195.60 184.60
May	184.80	191.20	193.80 184.40
Aug	182.20	186.60	189.00 182.00
Oct	181.80	185.20	187.80 181.40
Dec	182.80	185.00	
Mar	183.00	186.80	184.00 182.60
May	184.20	189.00	

White	Close	Previous	High/Low
May	226.80	232.40	234.50 225.50
Aug	227.60	233.00	
Oct	227.60	233.00	233.00 226.00
Dec	228.00	233.00	230.00
Mar	228.50	234.00	233.50 231.00
May	229.50	234.50	233.00

Turnover: Raw 5961 (4332) lots of 50 tonnes; White 1043 (456).
Paris- White (FFr per tonne): May 1325, Aug 1330, Oct 1330, Dec 1335, Mar 1350, May 1360

GAS OIL $/tonne

	Close	Previous	High/Low
Mar	134.00	132.00	134.00 131.50
Apr	133.75	132.25	134.00 131.75
May	133.25	132.00	133.25 132.00
Jun	134.50	133.25	134.75 133.50
Jul	134.75	134.50	135.25 134.00

Turnover: 4008 (2380) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	103.45	104.08	104.00 103.45
May	107.00	107.40	107.40 107.00
Jly	109.85	109.90	110.00 109.65
Sep	101.75	101.55	101.75
Nov	103.70	103.50	103.70
Jan	105.95	105.75	105.95
Mar	108.00	107.75	108.00

Barley	Close	Previous	High/Low
Mar	102.65	102.75	103.00 102.65
May	105.50	105.25	105.50 105.25
Sep	97.90	98.00	97.80
Nov	100.50	100.40	100.50
Jan	102.60	102.40	102.50
Mar	104.85	104.75	104.85

Turnover: Wheat 197 (292), Barley 185 (149) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 700 tonne
Cash	2310-30	2280-300		2300-20		
3 months	2170-5	2130-40		2150-70	2140-60	3,302 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover 22,650 tonne
Cash	1292-4	1260-5	1290	1289-90		
3 months	1206-7	1192-3	1208/1190	1202-3	1198-9	44,861 lots
Copper, Grade A (£ per tonne)						Ring turnover 54,825 tonne
Cash	1235-8	1270-5	1282/1279	1278-82		
3 months	1160-1	1189-90	1190/1153	1190-1	1161-2	70,952 lots
Copper, Standard (£ per tonne)						Ring turnover 0 tonne
Cash	1195-205	1240-50		1230-40		
3 months	1135-45	1160-70		1165-75		31 lots
Silver (US cents/fine ounce)						Ring turnover 40,000 ozs
Cash	631-3	636-9	633/633	633-4		
3 months	641-3	646-9		643-5	640-5	672 lots
Lead (£ per tonne)						Ring turnover 11,650 tonne
Cash	372-4	367-70	369/368	368.5-9		
3 months	346-7	341-2	347/342	343-3.5	345.5-46	10,339 lots
Nickel ($ per tonne)						Ring turnover 1,902 tonne
Cash	8800-10	8680-720		8755-75		
3 months	8310-5	8230-40	8320/8230	8290-300	8310-5	9,663 lots
Zinc (£ per tonne)						Ring turnover 6,525 tonne
Cash	494.5-5.5	495.5-6.5		491.5-2.5		
3 months	500.5-1	501-2	502/493	497.5-8.5	502-3	11,818 lots

POTATOES £/tonne

	Close	Previous	High/Low
Mar	80.50	81.00	
Apr	141.40	141.50	142.50 141.00
May	157.50	156.60	158.60 157.00
Nov	93.50	93.30	93.80 93.50
Feb	104.10	103.60	
Apr	141.00	140.80	141.00

Turnover: 349 (1012) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	129.00	129.70	129.00 128.80
Jun	125.00	125.50	125.00
Aug	124.00	124.50	123.30
Oct	125.50	127.00	125.00
Dec	130.00	129.00	
Feb	134.00	132.00	131.00

Turnover: 190 (300) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1558.0	1563.5	1565.0 1555.0
Jly	1405.0	1412.0	1414.0 1400.0
Oct	1412.5	1424.5	1420.0 1410.0
Jan	1385.0	1398.0	1385.0
BFI	1563.5	1567.0	1563.5

Turnover: 130 (266)

COTTON
Liverpool-Spot and shipment sales in Liverpool for the week ending February 18 amounted to 335 tonnes against 414 tonnes in the previous week. Trading was dull with only a few dealings taking place these were mainly in Russian, Pakistan and Israeli growths.

JUTE
February/March c and 1 Dundee BTC $535, BWC $525, BTD $460, BWD $450; c and 1 Antwerp BTC $510, BWC $500, BWD $445, BTD $455.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	442-442½	250½-250¾
Opening	445-445½	252-252½
Morning fix	443.95	251.231
Afternoon fix	442.40	250.880
Day's high	445-445½	
Day's low	441-441½	

Coins	$ price	£ equivalent
US Eagle	455-460	257½-260½
Mapleleaf	455-460	257½-260½
Britannia	455-460	257½-260½
Krugerrand	441-444	249½-251½
1/2 Krug	231-240	130¾-136
1/4 Krug	114-122	64½-69
Angel	457-462	258¾-261½
1/10 Angel	45-50	25½-28¼
New Sov.	104-105	58¾-59½
Old Sov.	104-105½	58¾-59¾
Noble Plat	475½-484	271-274

Silver fix	p/fine oz	US cts equiv
Spot	360.90	637.50
3 months	369.06	648.25
6 months	377.65	659.55
12 months	395.00	684.10

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
2050	251	193	1	58
2200	116	111	16	125
2350	32	57	82	186
Aluminium (99.5%)	Calls		Puts	
2000	240	178	1	63
2150	99	99	9	132
2300	17	50	77	231
Copper (Grade A)	Calls		Puts	
1950	219	243	10	145
2100	106	173	47	223
2250	38	120	129	318

US MARKETS

PRECIOUS METALS markets came under pressure from trade and local selling, partly in response to treasury secretary Greenspan's remarks concerning federal policy, although profittaking at lower levels was noted, reports Drexel Burnham Lambert. Copper fell as commission houses sold, the funds were noted as light buyers. Energy futures firmed on expectations of bullish API statistics as short-covering and light trade and fund buying prompted a movement away from recent support levels. Sugar fell sharply as trade selling combined with commission house selling to touch off stops. Profittaking support appeared at lower levels. Cocoa reacted to origin sales as trade selling depressed prices, while coffee fell on speculative liquidation. Cotton fell sharply as the market reacted to yesterday's advance as trade selling hit commission house stops. Technical selling in both the meats and grains added to the influence of weakened cash prices.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	441.8	444.0	444.5	441.0
Mar	441.9	444.9	0	0
Apr	444.3	447.6	446.7	442.8
Jun	448.7	452.1	450.8	447.0
Aug	453.4	456.9	455.2	452.0
Oct	459.2	461.8	460.5	457.3
Dec	463.0	466.7	465.5	461.5
Feb	468.1	471.9	470.5	468.5
Apr	473.5	477.4	475.8	475.8

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	448.8	463.8	464.2	446.5
Jul	453.3	468.3	468.0	451.0
Oct	458.3	473.3	472.5	459.0
Jan	463.8	478.8	476.5	476.5
Apr	470.3	485.3	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	629.0	640.0	0	0
Mar	630.0	641.0	639.5	625.0
Apr	633.8	644.9	0	0
May	638.2	649.5	647.5	633.0
Jul	646.1	657.8	655.5	642.0
Sep	653.9	665.5	664.0	653.0
Dec	656.9	678.6	677.0	665.0
Jan	670.5	682.4	0	0
Mar	679.9	691.7	692.0	685.0
May	689.1	700.9	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	93.60	96.75	93.70	93.70
Mar	91.10	94.00	94.60	90.50
Apr	89.60	91.80	0	0
May	88.10	89.60	90.80	87.10
Jul	85.60	85.20	86.70	84.50
Sep	83.10	81.60	83.20	81.00
Dec	80.60	79.70	80.90	78.00
Jan	80.30	78.30	0	0
Mar	79.70	77.70	79.00	78.25
May	79.70	77.70	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Apr	16.55	16.48	16.69	16.47
May	16.45	16.37	16.58	16.36
Jun	16.40	16.28	16.49	16.26
Jul	16.30	16.18	16.40	16.19
Aug	16.20	16.10	16.28	16.17
Sep	16.13	16.02	16.22	16.02
Oct	16.16	15.95	16.15	15.97
Nov	16.10	15.88	16.07	15.98
Jan	16.00	15.74	16.00	15.86

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Mar	46.30	45.79	46.65	45.90
Apr	45.10	44.71	45.50	44.80
May	44.00	43.70	44.40	43.80
Jun	43.35	43.10	43.70	43.20
Jul	43.30	43.05	43.70	43.05
Aug	44.20	43.56	44.35	43.65
Sep	44.30	44.25	44.30	44.30
Dec	46.80	46.35	46.80	46.30

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1652	1686	1684	1645
May	1689	1724	1724	1671
Jul	1720	1754	1751	1706
Sep	1750	1784	1780	1735
Dec	1782	1820	1815	1759
Mar	1815	1853	1840	1819
May	1836	1874	1842	1842

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	141.00	142.25	141.90	140.60
May	142.50	143.74	146.80	141.90
Jul	144.30	145.54	145.45	143.75
Sep	145.56	147.20	147.00	145.05
Dec	147.80	149.80	149.50	147.50
Mar	148.63	149.25	149.00	148.80
May	150.13	150.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.45	8.77	8.89	8.33
May	8.24	8.52	8.64	8.15
Jul	8.08	8.32	8.44	8.00
Oct	8.08	8.25	8.35	8.02
Jan	8.09	8.27	0	0
Mar	8.11	8.32	8.42	8.08
May	8.25	8.45	8.39	8.39

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	59.01	60.40	60.90	58.60
May	59.48	61.05	61.55	59.20
Jul	59.45	61.10	61.55	59.31
Oct	58.07	59.00	59.90	58.05
Dec	57.07	58.08	58.90	57.00
Mar	58.02	58.95	59.50	59.35
May	58.50	59.45	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	163.35	166.15	166.00	162.00
May	156.65	160.40	160.30	156.25
Jul	154.50	158.40	158.75	154.40
Sep	153.75	157.00	157.50	154.00
Nov	152.00	154.95	156.00	156.00
Jan	150.05	153.10	0	0
Mar	150.05	153.10	0	0
May	150.05	153.10	0	0
Jul	150.05	153.10	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Feb 22	Feb 18	mnth ago	yr ago
1763.2	1771.6	1760.9	1578.7

DOW JONES (Base: December 31 1974 = 100)

Spot	129.80	130.05	136.26	114.24
Futures	134.00	137.17	133.60	115.72

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	621/0	627/2	628/0	614/4
May	632/0	637/0	636/4	624/0
Jul	640/2	645/4	647/0	633/0
Aug	642/4	647/0	647/0	636/0
Sep	641/0	647/4	648/0	636/0
Nov	651/0	654/4	655/0	642/4
Jan	657/6	662/0	662/0	649/0
Mar	666/0	670/0	0	0
May	671/0	674/4	673/0	667/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.05	21.32	21.20	20.87
May	21.36	21.55	21.52	21.23
Jul	21.64	21.77	21.80	21.55
Aug	21.70	21.85	21.85	21.61
Sep	21.70	21.87	21.90	21.65
Oct	21.70	21.85	21.90	21.65
Dec	21.75	22.05	22.05	21.70
Jan	21.85	22.05	21.95	21.85

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	185.2	185.1	186.5	181.5
May	184.0	184.4	186.4	180.0
Jul	185.5	186.6	188.5	181.0
Aug	186.2	188.7	188.5	183.0
Sep	187.7	187.5	189.6	184.0
Oct	188.0	188.0	190.0	185.5
Dec	190.2	189.5	192.0	187.0
Jan	190.7	189.5	191.5	188.5
Mar	191.7	192.0	191.5	192.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	196/4	199/2	199/0	196/0
May	203/4	205/6	205/4	202/6
Jul	207/4	210/6	210/0	207/0
Sep	211/4	214/2	214/6	211/2
Dec	216/4	219/6	219/0	216/0
Mar	223/4	226/6	225/4	223/2
May	227/2	230/2	229/4	227/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	318/4	322/2	321/0	315/0
May	323/2	326/2	326/6	322/0
Jul	329/2	333/2	332/0	328/0
Sep	334/0	339/0	337/0	333/4
Dec	345/4	350/4	348/0	344/2
Mar	350/0	353/4	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	71.77	0	72.55	71.35
Jun	68.92	70.18	69.90	68.75
Aug	66.47	67.40	67.30	66.20
Oct	65.22	66.22	66.20	65.10
Dec	65.57	66.47	66.50	65.55
Feb	65.55	66.25	66.35	65.55

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.67	44.05	44.05	43.50
Jun	47.15	0	47.80	47.00
Jul	47.40	48.17	48.00	47.30
Aug	46.52	46.87	46.95	46.35
Oct	42.35	42.60	42.60	42.12
Dec	42.87	43.10	42.97	42.75
Feb	43.10	43.20	43.10	43.00

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	51.80	53.65	53.40	51.72
May	53.47	55.17	54.95	53.25
Jul	54.60	55.85	55.70	54.20
Aug	53.52	54.70	54.85	53.30
Feb	55.55	55.90	55.90	55.50
Mar	55.30	56.30	55.80	55.30

صكرا من الاهل

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Greenspan has little impact

THE DOLLAR showed little reaction to the Humphrey-Hawkins testimony before a congressional committee by Mr Alan Greenspan, chairman of the Federal Reserve Board.

He said nothing to surprise the market, commenting that he is comfortable with the present level of the dollar, and that the US has turned the corner on trade.

The money supply targets for 1988, announced by Mr Greenspan, were much as expected, and in general his remarks produced no great reaction.

A fall of 2.8 p.c. in January US durable goods orders also came as no surprise to the market, and failed to move the dollar.

The US currency opened weaker in Europe, and closed around the same levels, falling to DM1.6915 from DM1.6955; to Y128.75 from Y129.20; and to FFr5.7250 from FFr5.7350, but was unchanged at SFr1.3900.

On Bank of England figures the dollar's index fell to 94.8 from 95.0.

STERLING - Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. January average 1.8001. Exchange rate index closed unchanged at 74.5, compared with 72.6 six months ago.

Sterling was unmoved by news that UK fourth quarter GDP growth rose 1 p.c., to give a year-on-year rate of 5.26 p.c. This was within the range of most forecasts, but led to suggestions that growth is likely to continue at quite a strong rate.

Mr Neil MacKinnon, an economist at Nomura Research Institute, said he expected growth of at least 3 p.c. in 1988, and does not rule out a figure of 4 p.c., compared with market expectations of around 2.5 p.c.

He warned that this is likely to result in a deterioration in the UK trade deficit, putting sterling under pressure later this year, and bringing about higher UK interest rates.

The pound held generally firm yesterday, but was on the sidelines, with most interest concentrated on the dollar and Mr Greenspan's statement to Washington.

Sterling rose 15 points to $1.7660-1.7670, and improved to SFr2.4550 from SFr2.4525, but fell to DM2.9875 from DM2.9925; to Y227.50 from Y228.00; and to FFr10.1150 from FFr10.1225.

D-MARK - Trading range against the dollar in 1987/88 is 1.9305 to 1.5740. January average 1.6547. Exchange rate index 149.1 against 146.7 six months ago.

The D-Mark rose slightly against the dollar in Frankfurt, as the market was said to be expecting an increase in the US January trade deficit, when it is announced in mid-March. The dollar fell to DM1.6935 from DM1.6970 at the Frankfurt close.

The Buodesbank did not intervene when the dollar was fixed at DM1.6920 in Frankfurt, compared with DM1.7028 previously.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. January average 127.77. Exchange rate index 240.0 against 223.6 six months ago.

Trading turned technical in Tokyo yesterday, with dealers unwinding long dollar positions, and taking a more bearish view of the US currency. Institutional investors, who were keen dollar buyers last week, kept to the sidelines.

The dollar fell through a support level of Y128.60, after opening at Y129.25. It closed at Y128.50, compared with Y129.95 on Monday. A level of Y128.10 was regarded as another technical support level that the dollar could soon fall below.

Dealers suggested that while the dollar's slide remained gradual the Bank of Japan was unlikely to intervene until around Y126.50.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Feb.23	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1733	+1.68	+0.90	±1.5344
Danish Krone	7.85212	7.88897	+0.47	-0.31	±1.5404
German D-Mark	2.05853	2.06597	+0.36	-0.42	±1.0981
French Franc	6.90403	6.98828	+1.22	+0.44	±1.3674
Dutch Guilder	2.31943	2.31885	-0.03	-0.81	±1.5012
Irish Punt	0.768411	0.775922	+0.98	+0.20	±1.6684
Italian Lira	1483.58	1522.39	+2.62	+2.28	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb.23	Latest	Previous Close
£ Spot	1.7645-1.7655	1.7600-1.7610
1 month	0.29-0.27pm	0.30-0.28pm
3 months	1.04-1.00pm	1.01-0.99pm
12 months	4.05-3.95pm	4.00-3.90pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.23	Previous
8.30 am	74.5	74.4
9.00 am	74.5	74.4
10.00 am	74.5	74.4
11.00 am	74.6	74.4
Noon	74.5	74.4
1.00 pm	74.6	74.4
2.00 pm	74.6	74.5
3.00 pm	74.6	74.5
4.00 pm	74.5	74.5

CURRENCY RATES

Feb.23	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.770824	0.691080
U.S Dollar	6	1.35295	1.22045
Canadian $	8.75	1.72312	1.55180
Austrian Sch.	3	16.1840	14.5111
Belgian Franc	6¼	48.1887	43.1733
Danish Krone	7½	8.79620	7.88897
Deutsche Mark	2½	2.30380	2.06597
Neth.Guilder	3¼	2.58684	2.31885
French Franc	9½	7.78893	6.98828
Italian Lira	12½	1696.59	1522.39
Japanese Yen	2½	175.748	157.072
Norway Krone	8	8.68864	7.78829
Spanish Peseta	-	154.913	139.168
Swedish Krona	7½	8.18738	7.34771
Swiss Franc	2½	1.88737	1.69459
Greek Drach.	20½	N/A	165.358
Irish Punt	-	N/A	0.775922

All SDR rates for February 22

CURRENCY MOVEMENTS

Feb.23	Bank of England Index	Morgan ** Guaranty Changes %
Sterling	74.5	-19.0
U.S Dollar	94.8	-11.1
Canadian Dollar	79.4	-7.8
Austrian Schilling	140.2	+10.7
Belgian Franc	100.5	-4.7
Danish Krone	93.6	+2.8
Deutsche Mark	149.1	+22.9
Swiss Franc	177.5	+25.1
Guilder	137.8	+15.6
French Franc	71.7	-13.4
Lira	47.1	-19.0
Yen	240.0	+78.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates are for Feb.22

OTHER CURRENCIES

Feb.23	£	$
Argentina	10.6430-10.7375	6.0300-6.0800
Australia	2.4545-2.4575	1.3890-1.3900
Brazil	166.45-167.40	94.320-94.790
Finland	7.2285-7.2415	4.0900-4.0920
Greece	237.05-241.20	134.20-136.45
Hong Kong	13.7835-13.8000	7.7945-7.7965
Iran	119.80*	67.75*
Korea(Sth)	1343.00-1355.15	763.20-769.40
[illegible]	[illegible]	[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Feb.23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7620-1.7695	1.7660-1.7670	0.30-0.27cpm	1.94	1.02-0.97pm	2.25
Canada	2.2422-2.2252	2.2435-2.2445	0.10d-par	0.27	0.39-0.26pm	0.58
Netherlands	3.35-3.36	3.35-3.36	1⅛-⅞cpm	4.25	4⅛-3⅜pm	4.84
Belgium	62.34-62.60	62.50-62.60	23-5cpm	2.69	57-35pm	2.94
Denmark	11.40-11.43½	11.42½-11.43½	[illegible]	0.20	[illegible]	0.42
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Feb.23	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

Feb.23	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EXCHANGE CROSS RATES

Feb.23	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL FUTURES

Sterling contracts firm

STERLING DENOMINATED interest rate futures rose on the Liffe market in London yesterday, as technical factors dominated trading.

Mr Nick Parsons at Union Discount, said that as far as long term gilts were concerned there was a squeeze on short term trading positions. This was partly because of lack of supply and good overseas interest in gilts, which caused problems for "systems sellers".

These are traders, who sold on a technical situation on Monday, but were forced to cover their positions early yesterday as the market opened stronger.

March long term gilts opened firm at 121-02 on Liffe, with the market encouraged by the strength of the pound on the foreign exchanges, and fading fears about an imminent rise in UK bank base rates.

Economic news had no impact, although the rise of 1 p.c. in UK fourth quarter GDP was regarded as quite strong by some economists.

The contract closed at 121-05, compared with 120-19 on Monday.

March three-month sterling futures also opened higher, at 90.62, and rose to a high of 90.64, which appeared to close a gap on chart based trading. The market stayed in a narrow range of 90.60 to 90.64, closing at 90.63, against 90.59 previously, and is likely to remain within a tight trading range, according to Mr Parsons, as the authorities look towards the equity market for guidance on monetary policy.

Share prices advanced in London yesterday, which taken together with strong economic data, may be regarded as a warning about monetary policy.

March US Treasury bond futures closed just below the day's high at 94-06, against 93-13 previously. A fall of 2.8 p.c. in January US durable goods orders was encouraging, but in line with expectations.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Apr	Puts-settlements Mar	Puts-settlements Apr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE £/$ OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE EURODOLLAR OPTIONS

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LIFFE SHORT STERLING

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

PHILADELPHIA SE £/$ OPTIONS

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SE £/$ OPTIONS

Strike Price	Calls Mar	Calls Apr	Calls May	Calls Jun	Puts Mar	Puts Apr	Puts May	Puts Jun
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON (LIFFE)

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY FUTURES

	Close	High	Low	Prev.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

UK rates steady

THERE WAS little movement in interest rates on the London money market yesterday. Three-month interbank finished at 9⅝-9½ p.c., compared with 9¾-9⅝ p.c. on Monday.

A rise of 1 p.c. in UK fourth quarter GDP growth was at least as strong as expected, and did nothing to dispel nervousness about overheating, but sterling's strength against the D-Mark kept fears at bay of higher bank base rates.

The Bank of England initially forecast a money market shortage of £700m, but revised this to £650m at noon. Total help of £644m was provided.

UK clearing bank base lending rate 9 per cent from February 2

Before lunch the authorities bought £9m bank bills in band 4 at 8⅝ p.c.

In the afternoon the Bank of England purchased £310m bills, by way of £15m local authority bills in band 1 at 8⅞ p.c.; £250m bank bills in band 1 at 8⅞ p.c.; and £45m bank bills in band 4 at 8⅝ p.c. Late assistance of £325m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £829m, with Exchequer transactions absorbing £455m. These outweighed a fall in the note circulation adding £45m to liquidity, and bank balances above target of £30m.

In Frankfurt call money eased to 3.35 p.c. from 3.40 p.c. as the West German Bundesbank offered liquidity to the money market through a 28-day securities repurchase agreement tender, at a fixed rate of 3.25 p.c.

The central bank acted to prevent a signal being sent to the market of tighter monetary policy, which could have had an impact of further strengthening the D-Mark against the dollar.

In Paris the Bank of France left its money market intervention rate at 7¼ p.c. when supplying liquidity against first category paper. Warburg Securities recently suggested the Bank of France would take the earliest opportunity to cut its intervention rate to 7 p.c., but warned that the fragility of the franc against the D-Mark might prevent the move.

In Amsterdam the Dutch Central Bank accepted bids of Fl 6.8bn at a tender for seven-day special advances, at an unchanged 4 p.c. This replaced an expiring eight-day facility of Fl 7.1bn. Call money eased to 3⅝ p.c. from 4⅛ p.c.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.23) 3 months US dollars		6 months US Dollars	
bid 6¾	offer 6⅞	bid [illegible]	offer 7 [illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)		Treasury Bills and Bonds	
[illegible]	[illegible]	[illegible]	[illegible]

Feb.23	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Feb.23	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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EUROPEAN OPTIONS EXCHANGE

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$ 440	17	20	–	–	–	–	$ 441.90
GOLD C	$ 460	112	10	6	22	–	–	$ 441.90
GOLD C	$ 480	28	5	17	12.50	–	–	$ 441.90
GOLD C	$ 500	5	3	30	8.50	–	–	$ 441.90
GOLD P	$ 420	13	5.20	18	8.50	–	–	$ 441.90
GOLD P	$ 460	2	20.50 B	25	25	–	–	$ 441.90
GOLD P	$ 480	–	–	–	–	100	37.50	$ 441.90
		Mch. 88		Apr. 88		May. 88		
EOE Index C	FL 165	12	24	–	–	–	–	Fl. 188.52
EOE Index C	FL 180	54	11.50	–	–	–	–	FL 188.52
EOE Index C	FL 185	257	7.80 B	49	10.50	–	–	FL 188.52
EOE Index C	FL 190	37	5	45	7.30	–	–	FL 188.52
EOE Index C	FL 195	92	2.80	13	5.10	–	–	FL 188.52
EOE Index P	FL 165	10	0.70	–	–	–	–	FL 188.52
EOE Index P	FL 170	20	1.30	–	–	–	–	FL 188.52
EOE Index P	FL 175	31	2	52	3.80	–	–	FL 188.52
EOE Index P	FL 180	140	3.40	43	5.50	–	–	FL 188.52
EOE Index P	FL 185	124	4.80	80	7.80	4	9.50	FL 188.52
EOE Index P	FL 190	222	7.50	–	–	35	13	FL 188.52
EOE Index P	FL 195	101	10	5	11.80 B	–	–	FL 188.52
$/FI C	FL 180	12	9.70	–	–	–	–	FL 190.15
$/FI C	FL 190	12	2	22	5	–	–	FL 190.15
$/FI P	FL 185	–	–	14	1.65	–	–	FL 190.15
$/FI P	FL 190	2	2.80 A	281	4.30	–	–	FL 190.15
$/FI P	FL 195	85	5.80	–	–	–	–	FL 190.15
$/FI P	FL 200	200	11 A	–	–	–	–	FL 190.15
		Apr. 88		Jul. 88		Oct. 88		
ABN C	FL 40	659	1.30	67	2	93	2.40	FL 38.90
ABN P	FL 35	10	0.70	57	1.60	2	2.30	FL 38.90
AEGON C	FL 70	53	1.30	10	2.30	–	–	FL 66
AEGON P	FL 60	–	–	11	2.20	–	–	FL 66
AHOLD C	FL 75	18	2.20	3	4	–	–	FL 72.10
AHOLD P	FL 65	–	–	65	2.50	–	–	FL 72.10
AKZO C	FL 100	171	3.20	228	5.30	35	7.80	FL 97.50
AKZO P	FL 110	102	13.50 A	2	18.50	–	–	FL 97.50
AMEV C	FL 45	37	1.80	34	2.50	–	–	FL 44.40
AMRO C	FL 60	100	2.50	17	3.50	2	4	FL 60.90
AMRO P	FL 95	125	34	–	–	–	–	FL 60.90
ELSEVIER C	FL 50	185	1.80 B	90	2.90	7	3.80 B	FL 47.80
ELSEVIER P	FL 45	58	1.20	29	2.40	7	4.50	FL 47.80
GIST-BROC. C	FL 30	221	1.40	59	2.50	6	3.20	FL 29.40
GIST-BROC. P	FL 27.50	13	1.10	110	2.10	–	–	FL 29.40
HEINEKEN C	FL 130	23	1.80	8	5	1	6.50	FL 115.80
HEINEKEN P	FL 190	20	72 B	–	–	–	–	FL 115.80
HOOGOVENS C	FL 35	–	–	65	1	–	–	FL 27.80
HOOGOVENS P	FL 25	–	–	5	1.30	25	2.30	FL 27.80
KLM C	FL 35	988	1.40	303	2.80	219	3.30	FL 34
KLM P	FL 45	284	10.90	–	–	–	–	FL 34
NEDLLOYD C	FL 210	94	4.60	–	–	–	–	FL 185.80
NEDLLOYD P	FL 140	20	2.50	–	–	–	–	FL 185.80
NAT.NED. C	FL 55	159	2.50	62	3.50	1	4	FL 55.40
NAT.NED. P	FL 35	91	2	–	–	–	–	FL 55.40
PHILIPS C	FL 30	92	0.50	530	0.90	28	1.50	FL 27
PHILIPS P	FL 25	231	1	95	1.70	38	2	FL 27
ROYAL DUTCH C	FL 230	347	2.70	466	4.70	18	6.80 A	FL 221
ROYAL DUTCH P	FL 210	182	3	25	7.80	8	11	FL 221
ROBECO C	FL 85	3	4	11	4.40	–	–	FL 88.50
ROBECO P	FL 75	5	0.50	20	1	–	–	FL 88.50
UNILEVER C	FL 120	736	2.40	147	4.50	–	–	FL 113.10
UNILEVER P	FL 100	93	1.70	33	3.80	40	5.30 B	FL 113.10

TOTAL VOLUME IN CONTRACTS : 20,736

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	Citibank NA	9	Nat Bk. of Kuwait	9
Adam & Company	9	City Merchants Bank	9	NatWestminster	9
AAB - Allied Arab Bk	9	Clysedale Bank	9	Northern Bank Ltd	9
Allied Irish Bank	9	Comm.Bk.N.East	9	Norwich Gen. Trust	9
American Exp.Bk	9	Consolidated Cred	9	PK Finans. Intl(UK)	9½
Henry Ansbacher	9	Co-operative Bank	*9	Provincial Bank PLC	10
ANZ Banking Group	9	Cyprus Popular Bk	9	R. Raphael & Sons	9
Associates Cap Corp	10	Dunbar Bank PLC	9	Roxburghe G'rantee	9½
Authority Bank	9	Duncan Lawrie	9	Royal Bk of Scotland	9
B & C Merchant Bank	9	Equatorial Bank plc	9	Royal Trust Bank	9
Banco de Bilbao	9	Exeter Trust Ltd	9½	Smith & Williams Secs.	9
Bank Hapoalim	9	Financial & Gen. Sec	9	Standard Chartered	9
Bank Leumi (UK)	9	First Nat. Sec. Ltd.	9½	TSB	9
Bank Credit & Comm	9	● Robert Fleming & Co.	9	UDT Mortgage Exp	‡10.2
Bank of Cyprus	9	Robert Fraser & Ptnrs.	10	United Bk of Kuwait	9
Bank of Ireland	9	Girobank	9	United Mizrahi Bank	9
Bank of India	9	Grindlays Bank	9	Unity Trust Bank Plc	9
Bank of Scotland	9	● Guinness Mahon	9	Western Trust	9
Banque Belge Ltd	9	HFC Trust & Savings	9	Westpac Bank Corp.	9
Barclays Bank	9	● Hambros Bank	9	Whiteaway Laidlaw	9½
Benchmark Bank PLC	9	Heritable & Gen Inv Bk	9	Yorkshire Bank	9
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh	9		
Business Mtge Tst	9	Lloyds Bank	9		
CL Bank Nederland	9	Meghraj Bank Ltd	9		
Central Capital	9	Midland Bank	9		
● Charterhouse Bank	9	● Morgan Grenfell	9		
		Mount Bnkg Corp.	9		

● Members of the Accepting Houses Committee. * 7 day deposits 4.00% Sunwise 6.66%. Top Tier-£2,500+ at 3 months' notice 8.31%. At call when £10,000+ remains deposited. ‡ Mortgage base rate. § Demand deposit 4.00%. Mortgage 9.75% - 10%

FT CROSSWORD No.6,564

SET BY DANTE

ACROSS

1 Dutch courage? (8)
4 Obtain pass (4,2)
8 Record attendance of pupils for lecture (4,5)
9 Fire tenders (7)
11 One way of remembering (6,4)
12 African wasteland (4)
13 Plain clothes expert in Moslem law (6)
14 Frisky centaurs of pre-Roman origin (8)
16 Minded being arranged (8)
18 When it reacts saltpetre may be extracted (5)
20 Check support (4)
21 The early morning air? (4,6)
23 Due to a small rise, I'll get in some wine (7)
24 Hard cash (7)
25 Easily swayed (6)
26 Doesn't put out the port (6)

DOWN

1 She may have been banned for changing her name (5)
2 Send up - from the runway (4,3)
3 Aspirations of those after superior positions (5,4)
5 True love can prove so extravagant (5)
6 Mike's so upset by cold foreigners (7)
7 Outdated local measure (4,2,3)
10 Recorded as having been dismantled (5,4)
13 Keeps on, showing stamina in trouble (9)
15 Rush over to meet (3,6)
17 An error in the wage packet? (3-4)
19 Beat the counter-Reformation (7)
21 Cloud reformed with grace (6)
22 Did some pressing (5)

Solution to Puzzle No.6,563

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

هكذا من الأصل

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
0 Crosby Sq, London EC3A 6AQ 01-588 4993/4/5

Scimitar Global Gth Ac	28.4	30.3	+0.5	-
Do Income	28.2	30.1	+0.1	0.19
Scimitar European Acc	20.3	21.7	+0.4	-
Do Income	20.3	21.7xd	+0.4	0.11
Scimitar Do [illegible] Inc Acc	35.1	37.0	+0.3	-
Do. Income	32.8	34.8xd	+0.1	5.55
UK Cap Gth Acc	22.5	23.7	+0.5	0.75
Scimitar Pre Basis Acc	29.4	31.5	-	-
Scimitar [illegible] Exempt*	130.0	143.0xd	+1.5	-

*Unauthorised

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1051

Inst Income Units	179.4	187.1	+7.8	3.57
Inst Accum Units	198.0	210.6	+4.2	3.87
UK General Acc	35.7	38.2	-0.1	3.38
UK General Inc	37.1	39.7	+0.5	5.38
American	27.6	29.5	+0.6	2.15
European	35.0	37.4	+0.3	1.26
Japan	57.2	61.7	-	0.03
Technology	34.7	37.1	+0.4	2.24
Performance Trusts				
Far East Perf Tst	17.5	18.7	-	2.00
High Inc Perf Tst Inc	23.1	24.2	+0.1	5.56
High Inc Perf Tst Acc	23.6	25.2	+0.1	1.36
Worldwide Inst Perf Tst	27.6	29.5	+0.5	2.71

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	204.5	218.8	+2.4	2.69
Columbus (US)	131.4	140.6	+0.8	1.35
Marco Polo (Pac)	211.6	226.4	-0.9	0.29
Da Vinci (Eur)	220.9	236.3	+1.6	1.30
Drake (Wo)	51.8	55.5	+0.5	2.54

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	199.0	211.8	+2.1	2.84
UK Smlr Cos. Equity	205.4	218.6	+2.0	2.06
UK Special Situations	58.4	62.2	+0.7	3.22
Income Plus	51.4	54.7	+0.1	5.43
European	158.8	169.0	+1.0	1.30
Far Eastern	49.8	53.0	-0.3	2.59
Japanese †	54.0	58.3	+0.3	-
North American	114.9	122.7	+1.0	1.46
International Growth	108.3	115.3	+1.1	1.49
Worldwide Venture	51.7	55.0	+0.5	3.87

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-606 4355

TUUT Feb 1	213.5	224.8	-	3.18

Triton Fd Mngrs. Ltd.
Royal Lds. Hse. Colchester CO1 1RA 0206 764400

Triton General	144.2	155.1	+1.7	1.60

Tyndall Unit Trust Managers Limited
25 Bucklesbury, London EC4N 248 3399

Convertible & General	58.2	61.7xd	-	6.45
Accum Units	59.3	62.9	+0.1	-
Income	79.0	83.8	+0.5	5.13
Accum Units	79.0	83.8	+0.5	-
Smaller Co's	82.1	87.7xd	+0.3	1.86
Accum Units	82.0	88.7	+0.7	-
UK Growth	85.4	90.5	+0.8	2.88
Accum Units	85.4	90.5	+0.8	-
Pacific Gold Tst Acc	47.6	50.5	-	-

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	56.4	+0.0	+1.7	1.78
Technical Analysis Fd	49.1	52.3	+0.5	3.47

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisors: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	171.6	182.6	-	1.66
Friars Hse Inc Fd	148.6	154.4	-	3.86

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, EC. 01-534 5544

United Charities	166.3	176.9	+1.1	4.58

Vanguard Trust Managers Ltd
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Glenfriars	179.3	190.6	-	1.41
(Accum Units)	182.6	194.3	-	-
Far East & Gen	54.4	58.1	+0.5	-
(Accum Units)	54.6	58.1	+0.2	-
Master Portfolio	65.271	64.945xd	+0.495	3.09
(Accum Units)	67.080	68.900	-0.509	-
American & Gen	57.3	60.7	+0.3	2.00
(Accum Units)	57.9	61.6	+0.4	-
Growth	206.2	219.4xd	+1.3	2.05
(Accum Units)	311.3	331.0	+2.4	-
High Yield	258.6	275.1xd	+1.0	4.43
(Accum Units)	277.3	296.0	+1.9	-
Special Sits	50.7	53.9xd	+0.5	2.00

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941

Life Assurance Funds				
Wealth Assur.	365.4	384.7		-
Eb'r Ph. Eq.	334.1	356.5		-
Pension Plan Funds				
Phoenix				
UK Equity Acc.	361.0	369.4	+2.9	-
International Acc.	127.4	134.1	+1.1	-
Property Acc.	123.3	129.7	...	-
Fixed Interest Acc.	152.9	160.9	+0.6	-
Money Acc.	136.4	143.6	—	-
Bldg. Soc. Link Acc.	133.5	140.5	+0.1	-
Special Mngd. Acc.0	144.2	151.7	+1.7	-
Phoenix/Framlington				
Intnl. Growth Acc	87.7	92.3	+0.4	-
Amer. & Gen. Acc.	81.0	85.2	...	-
Capital 7a. Acc.	169.1	177.9	+1.0	-
Japan & Gen Acc.	101.9	191.4	-0.2	-
American 7urn. Acc.	81.4	85.6		-
Recovery Tst. Acc.	165.0	173.6	+1.9	-
Special Mngd Acc.	140.3	147.6	+0.3	-
Phoenix/CT				
International Acc.	121.9	128.3		-
US & General Acc.	90.3	95.0	+0.4	-
Amer Spec Sits. Acc.	63.1	66.4	+0.5	-
Japan & General Acc.	174.6	183.7	-2.0	-
Far East & Gen. Acc.	138.0	145.2	+0.3	-
U9 Capital Acc.	167.1	175.8	+2.2	-
European Acc.	134.2	141.2	-1.0	-
Special Mngd. Acc.	123.1	129.5	+1.0	-

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	258.3	271.9		-
Man Pens Ins& Cap Fd	327.1	344.4		-
Money Fund	111.5	117.2		-
Pens. Mngd Fd (Init)	79.3	83.5		-
Pens Mngd Fd (Acc)	89.0	97.7		-
Pens. FT30 Fd (Init)	123.7	130.3		-
Pens. FT30 Fd (Acc)	138.7	146.0		-
Pens. O'seas MgFd(Init)	54.7	57.6		-
Pens. O'seas MgFd(Acc)	61.4	64.7		-
Pens F&d Int Fd (Init)	106.9	112.6		-
Pens Fxd Int Fd (Acc)	119.9	126.3		-
Pens Deposit Fd (Init)	100.8	106.2		-
Pens Deposit Fd (Acc)	113.0	117.0		-

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222

Prudent				
Managed Feb 17	193.2	201.31		-

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	429.3	451.9	+3.3	-
Equity Fd.	856.6	901.7	+6.3	-
Intnl. Fd	305.5	321.6	+2.6	-
Fixed Inc Fd.	363.6	382.8	+3.5	-
Prop. Fd.	302.9	318.9	—	-
Cash Fd.	234.0	246.4		-
Pacific Basin Fd.	168.3	177.2	+0.2	-
North American Fd.	124.8	131.4	+1.9	-
European Fd.	131.1	138.1	+0.5	-
Holborn Balanced Gwth Fd	97.4	102.6	+0.6	-
Holborn Strategic Gwth Fd	96.5	101.6	+0.7	-

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	457.6	481.7	+1.3	-
Equity	648.8	683.6	+10.8	-
Global Equity	192.5	202.7	+1.1	-
Fixed Interest	370.6	390.2	+2.4	-
Property	302.8	318.8	—	-
Cash	137.6	144.9		-
Index Linked Gilt	163.4	172.0	-0.2	-
Guaranteed	90.6	98.1		-
International Money	187.5	197.4	...	-
North American Fd.	55.0	57.9	+0.7	-
Japanese Fund	123.0	129.5	+0.2	-
European Fund	69.6	73.3	+0.2	-
Special Situations Fd.	94.2	99.2	+1.1	-
Communications Fund.	78.3	82.5	+1.4	-
Smaller Cos Fund	93.1	98.1	+0.8	-

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretny Feb 17	£120.41	123.87		-
Equity Fund Feb 17	£128.32	132.21		-
Intnl Fund Feb 17	£20.57	21.21		-
Intl Bond Fd Feb 17	£10.95	11.30		-
Fixed Int Feb 17	£65.81	66.68		-
Index Linked Feb 17	£51.02	51.64		-
Property Fund Feb 17	£78.09	82.76		-
Cash Fund Feb 17	£18.1744	18.1744		-
Pre-Linked Retirement Plan				

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	99	Exch 10½pc '88	100		10.47	0.07
101	98	Treas 9¾pc Cv '88	100	+	9.74	0.11
98	93	Transport 3pc '78–88	98	+	3.04	6.35
101	98	Treas. 9½pc '88	100	+	0.49	0.23
105	101	Treas 13½pc 1989	102	+	13.27	0.26
102	97	Treas 9½pc Cnv 1989	100	+	9.47	9.20
96	89	Treas 3pc 1989	95	+	3.13	6.62
104	99	Treas 10½pc 1989	101	–	10.37	9.40
103	98	Exch.10pc 1989	100	+	9.92	9.38
105	100	Exch 11pc 1989	102	+	10.75	9.36
96	89	Treas 5pc 1986–89	95	+	5.22	7.70
108	99	Exch 10½pcCv '89	103	+	9.93	8.16
111	104	Treas 13pc 1990‡‡	106	+	12.25	9.34
106	100	Exch 11pc 1990‡‡	102	–	10.70	9.37
110	103	Exch. 12½pc 1990	105xd	–	11.82	0.41
92	84	Treas. 3pc 1990	91	+	3.27	7.11
100	93	Treas 8¼pc 1987–90‡‡	98	–	8.40	0.09
101	98	Treas. 8pc Cv 1990	100	+	7.97	7.81
105	97	Treas. 10pcCv 1990	101		9.87	9.41
91	81	Exch 2½pc 1990	89		2.81	6.01
110	102	Treas 11¾pc 1991	105	–	11.11	9.40
95	87	Funding 5¾pc '87–91‡‡	93		6.17	8.30
90	80	Treas. 3pc 1991	87	+	3.42	7.32
110	98	Treas 10pc Cv '91 ‡‡	103	+	9.67	8.81
109	101	Exch. 11pc 1991	104	+	10.49	9.38
99	91	Treas. 8pc 1991	95		8.33	9.25
116	107	Treas 12¾pc 1992‡‡	110	+	11.51	9.37
106	97	Treas 10pc 1992	102	+	9.79	9.33
99	90	Treas. 8pc 1992 ‡‡	95	+	8.36	0.27
108	99	Treas 10½pc Cv 1992‡‡	103	+	10.11	9.36
86	79	Treas. 3pc 1992	83	+	3.58	7.45
115	105	Exch. 12¼pc '92	110xd	+	11.11	9.39
121	110	Exch 13½pc 1992	114xd	+	11.76	0.44

Five to Fifteen Years

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
107	97	Treas 10pc 1993‡‡	102	+	9.76	9.38
118	107	Treas 12½pc 1993‡‡	112	+	11.09	9.43
95	82	Funding 6pc 1993‡‡	91xd		6.54	7.85
125	113	Treas 13¾pc 1993‡‡	118	+	11.62	0.51
129	117	Treas 14½pc 1994‡‡	122xd	+	11.83	9.49
124	112	Exch 13½pc 1994	117	+	11.45	0.58
107	97	Treas. 10pc Ln. 1994‡‡	102	+	9.73	0.39
120	106	Exch. 12½pc 1994	113	+	10.97	9.56
103	92	Treas 9pc 1994‡‡	98	+	9.13	9.25
118	105	Treas 12pc 1995	112	+	10.71	9.56

Over Fifteen Years

Undated

Index-Linked

BRITISH FUNDS – Contd

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
27¼	21½	Southwestern Bell $1	27⅝	+¼	[illegible]	–	5.9
22¼	994p	♦SAlley Continental§	13	–⅛	[illegible]	–	3.4
44½	21⅝	Sun Co. Inc. $1	32⅞xd	+⅞	$3.00	–	5.8
42¼	22½	TRW Inc. $0.625	27¼xd	+¼	[illegible]	–	3.2
37⅞	21	Tenneco $5	23⅞xd	+⅝	[illegible]	–	7.0
220	149½	Do. 10pcLn.Stk. 91-5	155		[illegible]	–	‡4.7
29⅝	15⅞	Texaco $6.25	24	–⅞	$3.00	–	6.8
74¼	36⅝	Time Inc. $1	59⅞	–⅛	$1.00	–	1.1
30⅛	15	Transamerica $1	19⅛	–⅛	[illegible]	–	5.3
14⅜	1¼	Transworld Corp $5	920p	–20	[illegible]	–	1.2
27⅛	12¼	TRINOVA Corp	18xd		[illegible]	–	1.7
24⅞	12⅝	♦USX $1	18⅛	–⅛	$1.20	–	3.6
37⅞	16⅜	Utd. Technologies	22⅝	+⅛	$1.40	–	3.4
38⅝	25⅞	US West§	31⅞	+¼	$3.28	–	5.7
30½	17⅞	Waste Management $1	20⅞	+⅛	36c	–	1.0
31⅞	11⅞	Whirpool $1.0	15⅞		–	–	–
37⅝	16½	♦Woolworth $3½	24⅝	–⅛	$1.32	–	2.9

CANADIANS

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	227p	ABM Gold Corp §	261p	–2	–	–	–
26⅛	10p	♦Abbot Energy Corp	18p		–	–	–
18⅛	506p	♦Amer. Barrick Res.	11½	+⅛	–	–	–
141p	32	American Lightwave	32	–1	–	–	–
122p	25p	♦Armeno	29p		–	–	–
117p	39⅞p	Augmitto Expln.	58¾p		–	–	–
19⅛	10⅝	Bk. Montreal §	11⅝		$2.00	–	7.6
10⅛	488p	Bk. Nova Scot. §	546p	+9	72c	–	5.8
20⅝	15	BCE §	17	+⅛	$2.40	–	6.2
10⅞	511p	♦Bow Valley§	713p	–2	‡40c	–	2.5
20	10⅛	♦Brascan§	11⅞	+⅛	88c	–	3.3
609p	186p	♦Breakwater Res.	234p	–1	10c	–	2.1

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES – Contd

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

صكذا من الاجل

LONDON SHARE SERVICE

INSURANCES – Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
612	303	Stenge Hldgs 20p	429	+5	8.5	2.4	2.7	21.4
£12⅞	645	Sun Alliance	883	+26	†23.5	—	3.8	—
£13	865	Sun Life 5p	£10⅛	+⅛	†28.5	—	3.9	—
£695	£364	♥Taisho M EDR	[illegible]	[illegible]	Q10%	—	0.5	—
£22⅞	£12⅞	Torchmark $1.00	£16⅝		Q$1.00	—	3.3	—
410	235	Trade Indemnity	360	–5	14.3	—	1.6	—
£34	£17⅞	Travelers $1.25	£22⅛	–⅛	$2.40	—	6.2	—
£30¼	£15¼	USF & G Corp $2.50	£18⅞	+⅛	Q$2.40	—	7.2	—
£33⅞	£15	USLIFE Corp. $1.0	£19⅝	+⅛	Q$1.28	3.2	3.5	8.8
798	495	Wind Friendly B 10p	535		21.0	—	5.6	—
464	192	Willis Faber 12½p	220	–2	†10.75	2.4	6.7	8.4
128	43	Windsor Secs. 10p	56		0.8	◆	2.0	◆

LEISURE

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35¼	18	♦A & M Group 10p	15		—	[illegible]	[illegible]	—
242	77	Airtours 10p	[illegible]	+1	[illegible]	[illegible]	[illegible]	12.9
*549	253	Anglia TV	424	+3	14.5	[illegible]	[illegible]	◆
194	77	♦Aspinall Hldgs. 10p	163		[illegible]	[illegible]	[illegible]	22.3
141	62	♦Avesco 1p	82	+1	0.5	[illegible]	[illegible]	23.2
72	40	♦BCE Hldgs 5p	42		[illegible]	[illegible]	[illegible]	15.6
300	132	Barr & W.A.T. 'A'	218		†8.0	[illegible]	[illegible]	17.1
58	20	♥Bond Media	28		—	[illegible]	[illegible]	—
235	165	Boosey & Hawkes	178		—	[illegible]	[illegible]	—
83	20	♦Border T.V.	43		†1.4	[illegible]	4.3	12.5
*459	43½	Brent Walker 10p	334	+1	[illegible]	[illegible]	[illegible]	16.1
124	79	Do 6pc Cv.Cm.Rd.Pf.	102	–1	6.0	[illegible]	[illegible]	—
*338	110	Campari Int. 20p	241	+2	†3.0	[illegible]	[illegible]	12.5
306	152	♦Castle Comms. 5p	198		L7.0	[illegible]	5.3	13.6
211	127	Capital Radio 10p	191		6.0	2.7	4.3	11.8
604	370	Central TV	554		†17.0	2.3	4.3	14.4
274	111	Chrysalis	123		7.0	1.9	7.8	9.1

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND – Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates			
First Dealings	Option Declarations	Last Dealings	Account Day
Feb 8	Feb 18	Feb 19	Feb 29
Feb 22	Mar 3	Mar 4	Mar 14
Mar 7	Mar 17	Mar 18	Mar 28

*New time dealings may take place from 8.00 am two business days earlier.

Buying programme spurs turnover in equities and Gilts improve during late trade

CITY HOPES OF a rally in the UK stock market ahead of Budget Day gained substance yesterday when a leading securities house took the buying tack both in blue chip equities and in the index futures market operated on the London International Futures Exchange (LIFFE). Share prices rose strongly in early trading, although gains were cut back when Wall Street made an uncertain start. The most heartening feature was a significant improvement in equity market turnover, which reached its best level for a month.

The closing picture was slightly disappointing, with the initial advance in the equity market halved as London reacted cautiously to the first reports of the Congressional testimony by Dr Alan Greenspan, chief of the US Federal Reserve.

The FT-SE 100 Index ended a net 10.7 up at 1757.9, after 1772.2, with the more optimistic turn in the market indicated by a Seaq share volume total of 474.1m, the highest daily total since January 29, and the first above 400m for nearly three weeks.

London stocks opened very firmly, encouraged by the ninth successive daily rise in Tokyo and by Wall Street's apparent consolidation above the Dow 2,000 mark. The buying programme, reportedly of £27m and operated by UBS Phillips & Drew, the London trading house, was quickly reflected in a 25 point gain in the FT-SE 100 Index, and in Seaq share volume of 247.3m by 11.0am – not far behind the total for Monday's session. UBS Phillips & Drew "never comment on clients' business", said Mr Steve Dalby, senior trader.

The buying pressure quickly eased, however, and the market paused as it absorbed the discomforting profits statement from NatWest. But equities soon turned ahead again as the buying programme switched to the LIFFE market, taking the March contract on the FT-SE 100 Index, which has languished at a 10p-15p discount for a fortnight, racing ahead to a final premium of around 20p on the Footsie Index itself.

With turnover slackening, the equity market proved vulnerable to Wall Street's early uncertainty, and gains melted away in the final hour. There was, however, good support from the US for ICI, ahead of today's profits news, and for other US-favoured stocks.

The City was still wary of the rally in equities, which will face a significant test if it seeks to challenge the FT-SE 1800 mark. The poor turnover levels of recent weeks have left the professional traders very short of stock, and a good deal of yesterday's business represented inter-dealer operations as marketmakers passed the parcel from one to another.

The oil sector was well pleased with the announcement by the UK Chancellor of the Exchequer that the British Government, while retaining its Golden Share in Britoil, will not seek to excercise its power; "Golden Shares have proved no shackle at all", said Philip Lambert of Kleinwort Grieveson. "It is good news for British Petroleum (the shares closed unchanged) and it is now open season on North Sea stocks".

By contrast, Government bonds had a quiet session until the end of the day, when prices moved up by about ⅛ to ½ at the longer end in response to improvement in the US Treasury bond. Initial reports in London of Dr Greenspan's Congressional comments were confused but UK Gilts closed very firmly.

Index-linked Gilts traded quietly, with the taplet issue, 2½pc IL Treasury '13, left alone at 88¼, just ⅟₁₆ short of the last sale by the Government Broker.

National Westminster Bank, the most profitable of the UK clearers, came out with preliminary profits of £704m, below the most pessimistic forecasts of around £740m, after increasing its third world debt provisions to 33 per cent.

NatWest's shares, up to 555p before the results, dropped back sharply to 540p on the figures but then staged a sustained rally to close a net 6 higher at 550p; turnover approached 6m shares. The rally was attributed to a positive meeting between analysts and company representatives and also to the increased final dividend.

Plessey, where over 11m shares changed hands, were easily the most active stock in a busy electronics sector on revived rumours that a stake is being accumulated in the company. The share price touched 159p before closing a net 6 up at 158p.

Brian Newman, Plessey watcher at Chase Manhattan Securities – big buyers of Plessey recently – reiterated Chase's positive stance on the company. He expects the Class 1 circular on the merger of Plessey's telecoms business with that of GEC to be announced in the next few days and confirms that Chase are forecasting pre-tax profits of £200m for 1988–9.

The Chancellor's statement on Britoil's Golden Share reinvigorated speculation among North Sea stocks. Suggestions that the long-rumoured deal between RTZ, LASMO and Enterprise may be imminent triggered widespread buying of all three stocks. **RTZ**, on turnover of 1.9m, touched 370p before closing a net 3 off at 360p while **LASMO** added 9 at 309p and **Enterprise** 7 at 310p, after 314p. There was also switching out of LASMO into Enterprise. But **Ultramar** ran out of steam, slipping 6 to 274p.

The later recovery by NatWest was accompanied by a rally in other banks. **Lloyds**, reporting preliminary figures on Friday picked up well amid rumours that profits will be much better than expected and closed 6 firmer at 261p. **Barclays** – reporting today – were finally 8 higher at 476p with turnover up to 2.6m. **Midland** were the same amount firmer at 391p.

Provident Financial dropped 7 to 357p after announcing full-year profits up from £22.3m to £26.7m but below the best estimates.

The **Brewery** leaders once again underperformed, although **Whitbread "A"** continued to discard the shackles imposed by a recent large seller and, with the aid of decent support from two investment houses, rose 3 more to 283p. **Guinness** traded promisingly during the morning as investors began to look forward to the annual results, which are expected to make pleasant reading within the next couple of months. But interest waned and the shares eased back to close 3 up on balance at 279p after a turnover of 3.7m.

Blue Circle attracted fresh support on takeover speculation and rose 6 more to 439p for a two-day rise of 16. **Rugby Group** moved up in sympathy and closed 8 higher at 250p. Specialist brick companies moved higher under the lead of **Steetley**, finally 5 dearer at 317p. **Breedon** were excited by news that Bardon had increased its shareholding to 7.34 per cent and jumped to 275p prior to closing a net 56 up at 253p.

The Construction sector displayed a dull feature in **Alfred McAlpine**, which dipped 14 to 484p on the cautious statement accompanying the preliminary figures. **John Mowlem** contrasted with a gain of 6 to 385p and **Taylor Woodrow** hardened 6 to 374p but **Baldwin** shed 5 to 90p, the increased half-year profits discounted.

ICI continued to attract buyers ahead of tomorrow's annualresults and moved up to £10⅝ before reverting to the overnight £10¼. **Yorkshire Chemicals** touched 251p on near-doubled annual profits before easing back to close just a penny dearer on balance at 248p. **Amersham International** gained 14 to 494p as bid speculation revived.

BOC the feature at 4090p, up 9, on a turnover of 1.9m shares. Revived US demand boosted **Reuters** 12 to 500p.

Glaxo rose ⅝ to £10⅝ as Salomon Brothers, the US securities house, favoured the shares following details of US sales data for the group's anti-ulcer drug Zantac; the figures show Zantac sales far outstripping those of its two main rivals, Pepcid, manufactured by Merck, and Tagamet, made by SmithKline.

Marks and Spencer spearheaded a general advance by the stores sector with analysts taking a much more positive stance on the group, and reiterating estimates of £500m pretax for the year, after a visit to the new out of town joint venture with Tesco at Cheshunt; M & S shares responded with a 5 gain at 184p, after 187p with turnover exceeding 6.2m shares. A stock shortage lifted **GUS "A"** ⅜ to £10⅝. Talk that **Woolworth** had been picking shares in **Storehouse** was said by dealers to be wide of the mark; **Woolworth**, up to 290p at one point, dipped to close 2 off at 280p, after rumours of an imminent profits downgrading.

Another substantial turnover developed in the telecoms pair **British Telecom** and **Cable and Wireless**. **BT**, where 6.4m shares changed hands, were steady at 243p ahead of tomorrow's third-quarter figures. But **C & W** – turnover 3.9m – attracted substantial profit-taking after a bright start and settled 8 off at 360p, after 362p, following confirmation of the joint venture with Hutchison Whampoa.

The expansion into analogue cellular radio in France and general optimism over the Vodafone business triggered fresh support for **Racal**, up 3½ more to 217p on a turnover of 7.8m shares. **Amstrad**, where 6.4m shares changed hands, rose 5½ to 155p and **BICC**, scheduled to report preliminary figures on March 9, were 6 higher at 340p. **UEI** put on 5 to 357p after the proposed £32m acquisition of Kevex Corporation of the US. **Diploma** jumped 12 to 212p following a re-rating of the shares by Warburg Securities.

A buoyant engineering sector included firm features in **Hawker Siddeley**, up 9 at 494p reflecting traded option activity. A bear squeeze boosted **Glynwed** 12 to 447p. **Delta Group** moved up 4 to 258p after the board changes and a BZW recommendation. The sale of the FH Lloyd steel division to United Engineering for £7m saw **Triplex Lloyd** improve 7 to 158p.

International stocks took their cue from Wall Street overnight and made useful headway before drifting back as buying interest faltered. Modest gains abounded at the close with

Fisons, preliminary results due next week, firmed 3 to 253p, while **Hanson** added 2 to 137p awaiting today's first-quarter figures. **Wellcome** remained in favour on Retrovir revenue potential and touched 460p before easing back on profit-taking to close 6 lower on balance at 448p. Elsewhere, **Williams Holdings** attracted support ahead of next Monday's annual results and closed 9 higher at 282p while **British Vita** revive strongly with a gain of 20 at 433p. **Pentland** rose 5 to 123p. **Macarthy** dipped 7 to 310p following news of the proposed offer for pharmaceutical distribution agents Unichem; the latter has strongly rejected the approach and has criticised Macarthy's trading record.

US influences and the latest news concerning Golden Shares triggered support of **Jaguar** – some 4.2m shares went through the system – and the close was 10 higher at 334p. **Lucas Industries** responded more positively to a securities house "buy" recommendation, gaining 6 to 607p, while **Lex Service** revived with a rise of 3 to 316p. **Hartwell** darted forward 5 to 114p as speculation resurfaced over the intentions of Cresscombe, an unquoted group which recently revealed a 6.25 per cent stake.

UK agency leader **Saatchi & Saatchi** moved centrestage from a lengthy stay on the sidelines, helped by transatlantic influences and news of a US acquisition. The shares progressed throughout, ignoring the late equity trend, to settle at the session's highest of 438p, up 15.

Leading Properties, having enjoyed a strong run recently reflecting various bullish views of sector prospects, attracted further support at the outset. Interest eventually tailed off, however, and prices settled below the best with **Land Securities** finishing 3 dearer at 517p on a turnover of around 1.6m shares. **Peachey** responded to a recommendation from Morgan Grenfell Securities, gaining 7 to 394p, and **Capital and Counties** touched 368p in reply to good annual results before closing unchanged at 363p.

Hampton Trust tumbled 23 to 85p following a shares and cash offer, with cash alternative of 85p per share, from Southend Property; New Zealand group Aurora, which holds M & G, around 90 per cent of the Hampton equity, has accepted the 85p cash alternative, leaving it with a loss of £26.17m on its initial investment in Hampton, made at 120p per share. **City Merchant Developers**, formerly Rivlin, shed 5 to 95p on disappointment with merger terms from Imry International, finally 10 off at 376p.

Speculation ranging from stake-building exercises to an outright offer ensured a continuation of the price upswing in **Polly Peck**, which ended a further 20 higher at 352p. Marketmakers are hoping that the chairman will be able to throw some light on the matter at today's annual meeting.

Polly Peek made another excursion beyond 300p before retreating rather swiftly to end 7 down on the day at 291p. County NatWest predicted a reaction, advising clients early yesterday that, "after the recent strong share price performance we would expect a short pause for breath. A period of consolidation in the short-term could provide an excellent opportunity to add to long-term holdings".

Traded option business expanded, the total number of contracts rising to 31,351. Calls came out at 18,417 with puts at 12,934. British Gas registered 1,721 calls and 454 puts, while GEC recorded 336 calls and 4,161 puts. The FTSE contract attracted 2,516 calls and 1,693 puts, volume virtually back to pre-crash levels.

Traditional Options

- First dealings Feb 16
- Last dealings Feb 26
- Last declarations May 19
- For Settlement May 31

For rate indications see end of London Share Service

Dealers reported quieter conditions in the traditional options market. Calls were produced in Sound Diffusion, Martin Ford, Aurora, BP partly-paid, Atlantic Securities, Premier Consolidated Oil, Telfos, Julianas Holdings, Benjamin Priest, Pentland Industries and Eagle Trust. A put was arranged in Sound Diffusion but no doubles were completed.

FINANCIAL TIMES STOCK INDICES

	Feb. 23	Feb. 22	Feb. 19	Feb. 18	Feb. 17	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	89.62	89.46	89.50	88.78	88.76	87.66	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.04	95.58	95.33	95.13	95.41	93.26	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1410.3	1396.3	1382.6	1389.4	1396.4	1559.2	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	262.0	263.5	267.3	270.9	268.9	308.2	497.5 (4/8/87)	241.7 (4/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.45	4.46	4.51	4.48	4.45	3.49				
Earnings Yld. % (full)	10.70	11.28	11.39	11.29	11.22	8.52				
P/E Ratio (net)(*)	11.34	10.84	10.73	10.82	10.89	14.38				
SEAQ Bargains (5pm)	26,479	24,151	26,331	23,488	21,871	44,104				
Equity Turnover (£m)	-	894.43	1105.07	1380.43	1141.23	1404.29				
Equity Bargains	-	26,265	30,073	27,314	25,189	59,054				
Shares Traded (ml)	-	335.4	395.4	411.6	347.3	616.0				

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1415.3	1417.4	1415.7	1417.6	1417.8	1417.7	1415.5	1414.8

Day's High 1418.3 Day's low 1409.3

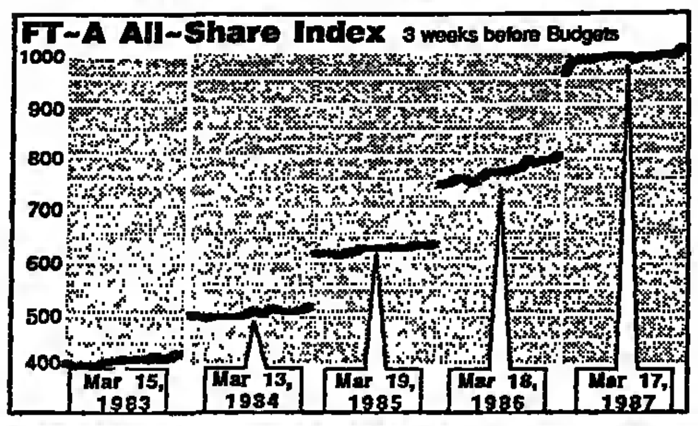
Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=11.22.

S.E ACTIVITY

Indices	Feb.22	Feb.19
Gilt Edged Bargains	112.8	127.2
Equity Bargains	170.2	194.9
Equity Value	1807.9	2253.6
5-Day average		
Gilt Edged Bargains	118.8	119.3
Equity Bargains	172.1	170.0
Equity Value	2235.0	2183.0

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

FT-A All-Share Index 3 weeks before Budgets



NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (7).

BRITISH FUNDS (1) Trans. 3pc '78-88. STORES (1) Sock Shop Int. INDUSTRIALS (1) Mallcap Corp. PAPERS (2) Usher Walker, Waverley Cameron. SHIPPING (1) Fisher (J). OILS (1) Britoil.

NEW LOWS (7).

STORES (1) Glamer Group. ELECTRICALS (2) Ross, Sound Diffsn., INDUSTRIALS (1) Pacer Systems. SHOES (1) FII Group, MINES (2) West Rand, Loraine.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tue Feb 23 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%))	Est. P/E Ratio (Net)	xd adj. 1988 to date	Mon Feb 22 Index No.	Fri Feb 19 Index No.	Thu Feb 18 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (209)	740.96	+1.2	9.80	3.94	12.80	1.64	732.53	723.17	726.21	837.54
2	Building Materials (30)	972.70	+0.9	10.13	3.88	12.28	0.82	963.57	950.66	952.54	1011.79
3	Contracting, Construction (34)	1486.64	+1.1	9.13	3.36	14.55	1.22	1470.92	1456.79	1456.65	1414.56
4	Electricals (11)	2063.14	+0.6	9.17	4.82	14.12	0.63	2049.85	2015.90	2024.81	1975.44
5	Electronics (32)	1506.67	+1.4	10.87	3.52	12.00	7.88	1486.56	1461.83	1467.26	1906.07
6	Mechanical Engineering (58)	385.00	+1.0	9.79	4.35	12.87	0.96	381.04	377.45	378.64	475.30
8	Metals and Metal Forming (7)	436.37	+1.3	9.86	3.84	12.23	0.00	430.65	424.40	426.86	431.81
9	Motors (13)	280.97	+1.5	10.79	4.14	10.78	0.00	276.87	275.11	277.21	329.34
10	Other Industrial Materials (24)	1248.26	+1.3	8.35	4.16	14.23	2.98	1232.43	1215.57	1227.20	1418.36
21	CONSUMER GROUP (185)	1033.09	+0.9	8.62	3.56	14.79	2.66	1023.97	1011.95	1013.51	1147.38
22	Brewers and Distillers (21)	990.20	+0.6	11.19	3.98	11.29	4.24	984.70	982.15	979.87	1035.67
25	Food Manufacturing (23)	835.37	+0.6	9.21	3.86	14.01	2.30	830.12	821.99	822.80	856.64
26	Food Retailing (16)	2009.10	+0.6	8.00	3.18	16.81	7.15	1996.51	1974.92	1974.58	2128.66
27	Health and Household Products (10)	1825.69	+0.7	6.44	2.50	18.53	0.45	1813.76	1782.29	1769.55	2391.83
29	Leisure (31)	1208.28	+0.7	7.73	3.90	16.10	8.80	1200.42	1187.16	1184.43	1148.40
31	Packaging & Paper (16)	507.49	+1.3	8.42	3.62	15.62	0.46	500.98	494.40	494.51	575.15
32	Publishing & Printing (16)	3468.04	+1.0	6.56	4.26	19.15	4.11	3434.57	3389.69	3401.58	3526.97
34	Stores (34)	821.69	+1.5	9.29	3.74	14.44	1.41	809.73	798.37	809.31	944.38
35	Textiles (18)	568.19	+2.3	11.54	4.12	10.02	0.19	555.61	546.27	552.54	679.87
40	OTHER GROUPS (92)	875.79	+0.3	10.51	4.24	11.86	1.33	873.25	861.43	864.99	973.08
41	Agencies (19)	1099.86	+1.4	7.14	2.34	17.93	4.36	1084.12	1074.78	1076.27	1327.06
42	Chemicals (20)	1061.43	+0.5	9.58	4.42	12.81	3.51	1055.97	1038.08	1045.58	1298.26
43	Conglomerates (13)	1171.53	+0.6	10.10	4.52	11.52	3.14	1164.26	1150.39	1149.78	1251.50
45	Shipping and Transport (11)	1812.71	+0.2	9.22	4.53	14.21	0.00	1809.38	1786.60	1793.17	1809.20
47	Telephone Networks (2)	949.88	-0.4	11.34	4.45	11.75	0.00	953.61	936.19	938.32	982.67
48	Miscellaneous (27)	1151.88	+0.4	13.08	4.12	9.11	0.48	1147.77	1140.66	1152.69	1320.93
49	INDUSTRIAL GROUP (486)	925.32	+0.8	9.45	3.85	13.34	2.03	918.06	906.58	909.25	1032.22
51	Oil & Gas (14)	1744.18	....	9.53	5.71	13.09	20.44	1743.40	1746.31	1759.92	1555.63
59	500 SHARE INDEX (500)	994.73	+0.7	9.46	4.12	13.31	3.59	988.03	977.77	981.37	1075.59
61	FINANCIAL GROUP (122)	651.65	+0.7	-	4.91	-	1.61	647.21	644.20	643.65	683.09
62	Banks (8)	642.72	+1.2	20.07	6.27	6.48	3.97	634.93	639.74	638.59	739.99
65	Insurance (Life) (8)	963.19	+0.5	-	4.78	-	0.00	957.97	954.01	957.83	975.44
66	Insurance (Composite) (7)	502.75	+1.2	-	5.48	-	0.00	496.64	498.16	490.53	546.07
67	Insurance (Brokers) (7)	877.34	-0.2	13.80	7.35	9.24	1.30	878.78	880.82	898.70	1187.27
68	Merchant Banks (11)	336.69	-0.3	-	4.24	-	0.02	337.74	337.08	336.11	382.99
69	Property (51)	1067.57	....	5.07	2.90	25.18	0.99	1067.72	1049.78	1046.10	878.89
70	Other Financial (30)	385.64	+0.9	9.86	4.42	12.80	1.43	382.18	380.71	379.24	425.10
71	Investment Trusts (85)	864.97	+1.0	-	2.99	-	2.02	856.70	849.64	851.02	947.47
81	Mining Finance (2)	432.29	....	10.52	3.95	10.71	0.00	432.09	420.90	425.19	370.28
91	Overseas Traders (8)	1016.40	-0.8	10.09	5.31	11.75	14.64	1024.42	1032.55	1030.48	867.52
99	ALL-SHARE INDEX (717)	903.74	+0.7	-	4.21	-	3.11	897.74	889.24	891.85	968.28

	Index No.	Day's Change	Day's High	Day's Low	Feb 22	Feb 19	Feb 18	Feb 17	Feb 16	Year ago
FT-SE 100 SHARE INDEX ♦	1757.9	+10.7	1772.2	1756.7	1747.2	1729.8	1736.1	1748.1	1734.6	1946.8

FIXED INTEREST

	PRICE INDICES	Tue Feb 23	Day's change %	Mon Feb 22	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	122.43	+0.06	122.35	-	2.00
2	5-15 years	139.97	+0.20	139.68	-	2.14
3	Over 15 years	150.23	+0.38	149.66	-	1.92
4	Irredeemables	166.39	+0.32	165.86	-	0.00
5	All stocks	136.82	+0.19	136.57	-	2.05
	Index-Linked					
6	5 years	124.13	-0.02	124.16	-	0.51
7	Over 5 years	117.04	+0.05	116.98	-	0.67
8	All stocks	117.46	+0.05	117.41	-	0.66
9	Debentures & Loans	117.67	+0.01	117.66	-	1.56
10	Preference	87.82	+1.17	86.81	-	0.53

	AVERAGE GROSS REDEMPTION YIELDS		Tue Feb 23	Mon Feb 22	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.91	8.92	8.60
2		15 years	9.16	9.19	9.46
3		25 years	9.06	9.10	9.47
4	Medium Coupons	5 years	9.44	9.46	9.81
5		15 years	9.37	9.40	9.70
6		25 years	9.22	9.26	9.59
7	High Coupons	5 years	9.54	9.56	9.86
8		15 years	9.53	9.56	9.85
9		25 years	9.26	9.30	9.60
10	Irredeemables†		9.21	9.24	9.37
	Index-Linked				
11	Inflation rate 5%	5yrs	2.48	2.47	2.68
12	Inflation rate 5%	Over 5 yrs	3.83	3.83	3.37
13	Inflation rate 10%	5 yrs	1.49	1.47	0.99
14	Inflation rate 10%	Over 5 yrs	3.66	3.66	3.20
15	Debs & Loans	5 years	10.90	10.91	10.57
16		15 years	10.84	10.84	10.54
17		25 years	10.84	10.84	10.51
18	Preference†		10.57	10.70	11.20

♦Opening index 1764.6; 10 am 1770.2; 11 am 1767.8; Noon 1769.6; 1 pm 1769.2; 2 pm 1769.2; 3 pm 1766.5; 3.30 pm 1764.2; 4 pm 1764.5

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Burgess Group(4) and Tricentrol(51) have been deleted. Illingworth Morris (35) has been inserted.

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
[illegible]							

February 23 Total Contracts 31,351 Calls 18,417 Puts 12,934
FT-SE Index Calls 2,516 Puts 1,693
*Underlying security price

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,600	Enterprise Oil	1,700	Prudential	503
Allied-Lyons	840	Fisons	1,300	Racal	7,800
Amstrad	6,400	General Accident	584	Rank Org.	433
Argyll Group	1,900	General Elect.	4,100	RMC	107
Assoc. Brit. Foods	512	Glaxo	1,400	RHM	517
BAA	2,300	Globe Investment	238	Reckitt & Colman	315
BAT	1,000	Granada	1,200	Redland	1,500
BET	1,300	Grand Met	3,300	Reed Intl.	1,500
BICC	992	GUS A	412	Reuters B	1,200
BOC	1,900	Guardian R.E.	324	RTZ	1,900
BPB Inds	725	GKN	2,800	Rolls-Royce	2,200
BTR	1,600	Guinness	3,700	Rothmans B	295
Barclays	2,600	Hammerson	621	Rowntree	49
Bass	361	Hanson	7,000	Ryl Bank Scotland	447
Beecham	743	Hawker Siddeley	713	Royal Insurance	1,000
Blue Arrow	7,000	Hillsdown Holdings	1,400	STC	1,800
Blue Circle	1,100	IMI	1,400	Saatchi & Saatchi	595
Boots	2,700	ICI	1,900	Sainsbury	272
Brit. Airways	2,300	Jaguar	4,300	Scott & Newcastle	1,700
Brit. Aerospace	1,200	Ladbroke	3,000	Sears	2,200
Brit. & Comm.	777	Land Securities	1,700	Sedgwick	315
British Gas	8,900	Laporte	353	Shell Transport	800
Britoil	1,350	Legal & General	1,000	Smith & Nephew	3,500
BP	5,200	Lloyds Bank	1,600	Standard Chart.	171
Brit. Telecom	6,400	LASMO	1,000	Storehouse	652
Bunzl	766	Lonrho	1,900	Sun Alliance	83
Burmah Oil	1,600	Lucas	780	T & N	1,400
Burton	1,600	MEPC	1,300	TSB	1,200
Cable & Wireless	3,900	Marks & Spencer	6,200	Tarmac	3,000
Cadbury Schweppes	1,000	Maxwell Comm.	950	Tesco	2,900
Coats Viyella	1,700	Metal Box	1,400	THORN EMI	1,000
Commercial Union	2,300	Midland Bank	1,400	Trafalgar House	3,000
Cons. Gold	253	NatWest Bank	5,900	Trusthouse Forte	1,000
Cookson	442	Next	900	Ultramar	1,600
Courtaulds	2,300	Northern Foods	994	Unilever	1,000
Dalgety	691	Pearson	318	United Biscuits	2,000
Dee Corporation	1,200	Pearl Group	495	Wellcome	1,600
Dixons Group	1,900	P & O	500	Whitbread A	1,800
English China Clays	204	Pilkington	2,100	Woolworth	2,300
		Plessey	11,000		

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	97	9	8
Corporations, Dominion and Foreign Bonds	3	13	36
Industrials	671	202	686
Financial and Properties	280	75	284
Oils	34	23	52
Plantations	0	4	9
Mines	45	52	102
Others	104	57	95
Totals	1,234	435	1,272

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]											

FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or
[illegible]							

RIGHTS OFFERS

Issue Price	Amount Paid	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price	+ or
[illegible]							

صكذا من الاصل

WORLD STOCK MARKETS

AUSTRIA · BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · GERMANY (continued) · ITALY · NETHERLANDS · NETHERLANDS (continued) · NORWAY · SPAIN · SWEDEN · SWEDEN (continued) · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · AUSTRALIA (continued) · HONG KONG · SINGAPORE

CANADA

TORONTO
Closing prices February 23

Sales	Stock	High	Low	Close	Chng
2862	AMCA Int	$8¾	8½	8⅜	
97753	Abitibi Pr	$24	23¼	23¼	−¾
1842	Agnico E	$18¾	16	16	−⅞
14135	Albrta En	$18¾	18⅜	18½	+⅛
7400	Albrta N	$14⅞	14¾	14⅞	+⅛
467427	Alcan	$35¾	34¾	35⅝	+⅛
14	Algoma St	$17	17	17	
184897	A Barrick	$25⅞	25¼	25⅜	−⅜
12250	Asamera	$8¼	8¼	8¼	
7200	Atco I f	$9¾	9¾	9¾	
120195	BCE Inc	$38¼	37⅞	38	−⅛
8400	BCE D	273	270	273	+3
517	BC Sugar A	$28⅞	28¾	28¾	
5400	BGR A	$9⅜	9¼	9¼	−¼
7301	BP Canada	$19⅛	19	19	−⅛
88036	Bk Mont	$26⅛	25½	25⅝	−⅜
74590	Bk NScot	$12½	12¼	12¼	
5200	Baton	$14	13¾	14	+½
153400	Belmoral	219	191	194	−14
2800	Bombdr A	$9¼	9⅛	9⅛	−¼
31400	Bombdr B	$9½	9⅛	9⅛	−⅛
118678	Bow Valy	$19	15⅞	15⅞	−⅛
535	Bramalea	$21⅞	21¼	21¼	−½
57858	Brascan A	$28⅝	28	28¼	−⅜
57060	Brkwater	490	475	480	+5
18492	BC ForP	$19⅜	19	19⅜	+¼
1505	BC Res	90	90	90	+2
12266	BC Phone	$28	27⅞	28	
2591	Bruncor	$17	17	17	
30711	CAE	$7	6¾	6⅞	
36870	CB Pak	$23¼	23⅛	23¼	+⅛
555750	CCL B f	$7⅜	7	7	−⅛
9200	CDC Life	$24⅛	23⅞	24⅛	+⅛
1200	CFCF	$17¾	17	17⅜	+⅞
15700	CIL	$32⅛	31½	31½	
31200	Cambior	$14¾	14⅜	14½	+⅛
4526	Cambridg	$24⅜	24⅛	24⅜	+¼
5164	Camp Res	215	210	215	
93	Camp Soup	$20¼	19⅞	19⅞	
12975	Conwst B	$10½	10¼	10½	+¼
2094	Corby A	$19	18½	19	+½
2450	Coscan	$8⅞	8⅞	8⅞	+⅜
300	Crownx	$19⅛	19⅛	19⅛	+¼
10741	Crownx A I	490	485	490	+5
3600	Denison A	$5½	5¼	5⅜	
4260	Denison B f	$5¼	5	5¼	+¼
6000	Dertan	$10⅜	10⅜	10⅜	−⅛
2000	Dicknsn A f	$7	6⅞	6⅞	−⅛
69583	Dofasco	$28	27¼	27¾	+½
279189	Dome Pete	119	117	119	
9800	Dom Sec	$22¼	22	22¼	+⅛
19659	D Textile	$18	17¾	17⅞	+⅛
30952	Domtar	$15⅝	15¼	15½	−⅛
1150	Donohue	$30	30	30	
3367	Du Pont A	$27¼	27	27¼	
91004	Dylex A	$9¾	9	9⅝	+¾
96300	Echo Bay	$25	23¾	24⅛	−1¼
200	EmpireA f	$10⅜	10⅜	10⅜	+⅛
9159	Encor	$9¼	9⅛	9⅛	
20600	Enfield	$6⅝	6⅜	6½	+¼
12800	EquitySv A	460	455	455	
900	FCA Intl	$9	9	9	
15389	FPI Ltd	$17	16¾	17	+⅛
249350	Fcnbrdg	$21⅛	20¾	21	+¼
55500	Fed Ind A	$14⅛	13⅞	13⅞	
300	Fed Pion	$11	11	11	
9200	Fin Trsco	$7⅝	7¼	7¼	−⅜
102625	Finning L	$20½	20	20	
1250	FCity Fin	$17¼	17¼	17¼	
7100	FMarathA f	$8⅝	8	9	+⅛
20	Ford Cnda	$146¼	146¼	146¼	
1500	Fortis	$20	19⅞	20	+¼
1505	FourSeasn f	$14¾	14¾	14¾	+¾
7614	GW Util	$23⅛	23½	23½	+¼
17037	Galactic	$7⅝	7⅜	7⅝	−⅜
6300	Gandalf	$7½	7¾	7½	+⅛
550	Gendis A	$15⅝	15⅜	15⅜	+⅛
32400	GE Can	$18	18	18	
100	G Trstco p	$21½	21½	21½	
300	Giant Yk	$19¼	19¼	19¼	+¼
9045	Glamis	450	435	435	−15
7200	Goldcorp f	$7⅝	7⅝	7⅝	
5500	Gld Knight	$7⅛	7	7⅛	+⅛

MONTREAL
Closing prices February 23

OVER-THE-COUNTER
Nasdaq national market, closing prices

Continued from Page 41

Indices

NEW YORK · DOW JONES · CANADA · NEW YORK ACTIVE STOCKS

CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES

Exch. 12% 2013-17	£127⅝	+	⅞
Amersham Intl.	494	+	14
Assoc. Brit. Ports	483	+	13
Blue Circle	439	+	6
Breedon	258	+	56
Brit. Vita	433	+	20
Courtaulds	316	+	9
DRG	384	+	9
Diploma	212	+	12
GUS A	£10⅞	+	5/16
Jaguar	334	+	10
Lex Service	316	+	6
M & G Group	352	+	20
NatWest Bank	550	+	6
Plessey	158	+	6
Reuters B	500	+	12
Rothmans B	405	+	8
Saatchi & Saatchi	438	+	15
Telfos	139	+	10
Williams Hldgs.	282	+	9

FALLS

Hampton Trust	85	−	23
McAlpine (A.)	484	−	14
Polly Peck Intl.	291	−	7

TOKYO – Most Active Stocks
Tuesday, February 23, 1988

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	73.85m	423	+13
Kawasaki Steel	62.38m	366	+5
Sumitomo Heavy Industries	47.30m	582	+9
Ishikawajima-Harima Heavy Industries	42.61m	708	+19
Nisshin Steel	38.26m	676	+9
Kawasaki Heavy Industries	22.25m	323	+7
Sumitomo Metal	21.14m	299	+10
Tokyo Gas	20.88m	1,050	+40
Mitsubishi Heavy Industries	20.13m	624	+20
Nippon Kokan	18.60m	324	+17

Financial Times Wednesday February 24 1988

Closing prices, February 23

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR s	.36	1.6	20	2680	23⅛	21⅝	22⅞	+1⅛
32½	21	AFG s	.16	.6	11	716	27¼	25¾	25¾	−1⅝
27	10½	AGS e			13	1253	15⅝	14½	15⅛	−⅛
10½	5⅛	AMCA				195	5⅛	5⅛	5⅛	−⅛
9⅝	6¼	AM Intl			28	382	4	3⅞	3⅞	
66½	26¾	AMR			12	3250	39	37¾	38⅞	−⅜
27¼	24⅞	ANR pf2.67		10.		67	26¼	26¼	26¼	+¼
25	19	ANR pf2.12		9.4		4	22⅝	22⅝	22⅝	+⅛
12¼	6⅜	ARX s			6	138	7⅞	7⅝	7⅞	+½
73½	40⅛	ASA	3	6.6		322	45⅞	45⅛	45¼	−½
22⅝	9½	AVX			13	841	15⅞	15⅝	15⅞	+⅛
67	40	AbtLab	1	2.6	16	4859	50⅛	48⅞	49⅞	+⅜
20	15⅜	Abitibi g				65	15¾	15⅝	15⅝	−⅝
16¾	8½	AcmeC .40		3.6		85	11¼	11	11	−⅛
10½	6¾	AcmeE.32b		3.9	22	9	8¼	8⅛	8⅛	−⅛
20	14⅛	AdaEx 3.05e		20.		340	15¾	15½	15⅝	+⅛
19½	9⅞	AdamMl.24		2.0	10	33	12¼	12⅛	12⅛	−⅛
24⅞	7½	AMD				14365	12¼	11⅝	11⅝	−⅛
58¾	29¼	AMD pf	3	8.2		781	36⅝	35¼	36⅝	+1
11⅞	4⅝	Adobe			10	95	6⅛	5⅞	6⅛	
20½	16¼	Adob pf1.84		11.		17	16¾	16¾	16¾	
15	6⅛	Advest .12a		1.7	7	x58	7⅛	7	7	−¼
68¼	43½	AetnLf 2.76		5.7	9	1701	49⅝	48⅝	48½	−⅞
99	90¼	AetL pfC5.05e		6.5		11	60	93¼	93¼	−2¾
83½	41	AflPub .40		.7	9	837	61	59½	61	+¾
26⅞	13	Ahmans.88		5.4	6	3138	16⅝	16	16¼	−¾
5⅜	1¾	Aileen				62	2⅛	2⅛	2⅛	+⅛
53⅞	29	AirPrd	1	2.1	15	8137	48⅞	47⅞	48¾	+1⅛
36	11⅛	AirbFrt .60		3.6	15	498	16⅝	16⅛	16⅝	+¾
16½	6¾	Airgas			14	63	11⅛	11	11⅛	+⅛
19½	13⅝	Airlease1.16e		12.	10	35	18½	18¼	18¼	+¼
15-32	5-16	AlMoan			38	2	⅜	⅜	⅜	
27¾	25¾	AlaP pf2.04e		7.6		775	26¼	26⅛	26¼	

Continued on Page 41

NYSE COMPOSITE CLOSING PRICES

Continued from Page 40

12 Month High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
31½	18½	XTRA	.64	2.1	16	316	31	30	31	+¾
26¼	19½	XTRA pf1.94		7.3		305	26⅞	25½	26⅝	+⅜
33⅞	17⅛	Yorkin			18	76	27⅜	27¼	27½	+¼
7¼	2¼	Zapata				765	3½	3¼	3⅜	
37	13½	Zayre	.40	1.8	8	14385	21¾	19¼	21¾	+2
15⅝	8⅝	Zemex	.40	3.9	13	67	10⅜	10	10⅜	+¼
33⅝	16	ZenithE				1204	18⅛	17¼	17¾	−½
13½	2½	ZenLab				650	3⅞	2⅝	2¾	+½
24½	13½	ZenNtl	.80	4.9	6	526	17⅝	17½	17½	−½
20⅝	11⅝	Zero	.56	2.3	16	425	15⅝	15⅝	15½	
30¾	15	Zumin s	.68	3.0	15	141	23	22½	23	+⅛
15⅝	7⅝	Zweig	1.06e	11.		861	9¾	9⅝	9¾	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 39

FINANCIAL TIMES Wednesday February 24 1988

AMERICA

Dow again falls short of 2,050 as rally dries up

Wall Street

FOR THE THIRD time since last October's crash, Wall Street stock prices shied away yesterday from the 2,060 level on the Dow Jones Industrial Average, *writes Roderick Oram in New York.*

The modest rally, which had taken the Dow Industrials up 54 points in the previous two sessions, fizzled by mid-morning. The retreat came despite a slight upturn in the bond market as Mr Alan Greenspan, chairman of the Federal Reserve, delivered his mid-year economic report to Congress.

His comments contained no great surprises. He confirmed that the Fed had slightly eased monetary policy in the past couple of weeks, as the markets had believed.

The retreat of stocks was attributed instead to investors' continuing wariness in the wake of the crash. The Dow Industrial Average closed down 1.17 points at 2,039.12, after being up 13 points early in the session which took it briefly above the 2,051.89 post-crash peak achieved on January 7.

Broader market indices showed similar weakness with the Standard & Poor's 500 closing down 0.52 points at 265.02. New York Stock Exchange volume was brisk at 193.4m shares with a few more stocks advancing than declining.

Oil and airline stocks were among the weak sectors after helping to lead last week's market advance. Exxon slipped $½ to $42⅞, Chevron lost $⅜ to $45¼, Amoco gave up $⅜ to $76⅜, Allegis lost $¼ to $74¼, Delta fell $¾ to $47½, NWA was off $⅜ to $41¼ and AMR was down $¼ to $39.

Deere rose $⅞ to $41⅝ after turning in a first quarter net profit of $67.6m, or 99 cents a share against a loss of $192.6m a year earlier.

Mr Greenspan: few surprises

IU International added $2⅛ to $22 after the board of the waste management, trucking and distribution group recommended a $21½ a share buyout led by Dean Witter Capital. It topped a $20 a share hostile offer from NEOAX, down $¼ at $7¼.

American Standard edged up $⅛ to $68¼ after Black and Decker, off $⅛ at $19⅝, raised its bid for the plumbing group by $3 a share to $68.

Analysts estimate American Standard's recapitalisation offer designed to thwart the bid is worth between $68 and $71 in cash and shares.

Moore McCormack Resources leapt $10⅝ to $34½ following a $31 a share offer from Southdown, a competing cement maker. Lone Star, another producer, rose $2½ to $31½.

Fuqua Industries, off $½ to $28½, and Eastman Kodak, down $½ at $41¼, were barred temporarily by a Texas court from merging their photo-finishing operations which would have 25 per cent of the US market.

Santa Fe Southern Pacific added $⅝ to $23½ following the offer from Henley Group, up $⅝ at $22¾, to buy $780m of Santa Fe stock at $17.50 a share if it drops its plans to pay a special dividend.

Credit markets picked up modestly as Mr Greenspan reported to Congress, although there were no great surprises in his words. The price of the benchmark 8.875 per cent benchmark Treasury long bond was up ⅜ of a point by late afternoon at 105¹³⁄₃₂ yielding 8.34 per cent after a weak start to the session.

Mr Greenspan's forecast of real US gross national product growth this year of 2.6 per cent and a GNP deflator of 3.25 to 3.75 per cent are respectively slightly above and below consensus forecasts, although combined they are very similar to market expectations.

The Fed has also widened its target growth bands for the M2 and M3 measures of money supply to 5-8 per cent from 4-8 per cent which will give it slightly more policy flexibility.

He said the risks of recession or inflation were approximately balanced at the moment. He confirmed that the Fed had slightly eased its interest rate policy several weeks ago, as the market had believed at the time.

Figures showing a fall of 2.8 per cent in January's durable goods orders were largely as expected. The decline was exaggerated by a steep fall in defence orders.

Non-defence orders were up 1.6 per cent, indicating moderate economic strength. The dollar slipped further yesterday as some foreign exchange players worried that the relatively strong US economy will continue to suck in a high level of imports which will make it hard for the US to further reduce its trade deficit.

SOUTH AFRICA

GOLD STOCKS in Johannesburg fell as the bullion price dropped and the financial rand improved.

The gold index lost 45 to 1,288, while the industrial index rose 7 to 1,462.

The financial rand was up ½ a US cent to 36¼ US cents.

Among golds, Vaal Reefs slipped R10 to R247, Randfontein fell R8 to R217, Kloof dropped R1 to R29.50, and Driefontein eased R1.25 to R32.

Mining financials and platinums also fell back slightly. Anglo American and Impala each lost 50 cents to R46.75 and R25 respectively. Diamond stock De Beers rose 60 cents to R25.75 against the trend.

In industrials, chemicals group AECI, which posted an earnings rise of 22 per cent last year to R213m, closed up 25 cents to R11.

Canada

SHARE PRICES were mixed in a lacklustre Toronto market that felt some pressure from rising bonds and declining commodity prices, analysts said.

The composite index, which had dropped almost 14 points, in midday trading, closed down 7.16 to 3160.82 while advances outpaced declines by 404 to 383. Volume was moderate at 18.9m shares.

John Wyles considers the background to the Italian market's oscillations

Milanese mysteries surround bourse rally

TO THE bemusement of many analysts and brokers, the Milan Stock Exchange seems to have taken off over the last fortnight, raising hopes that the depression that began before the worldwide October crash is over.

By yesterday's close, the Comit index had risen 14.4 per cent since its two-year low on February 9 of 423.91. This nadir was the result of the market's reaction to Mr Raul Gardini's plans for reorganising his Ferruzzi-Montedison empire.

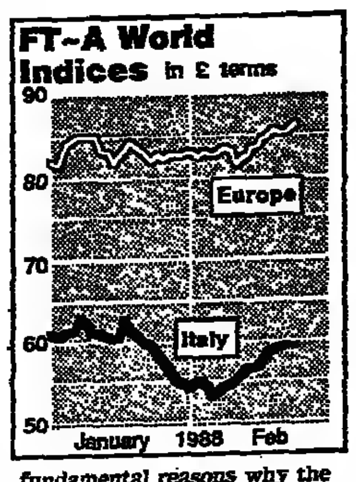
Investors disliked and mistrusted his decision to absorb Montedison's 64 per cent-owned property, insurance and financial services subsidiary, Iniziativa Meta, into the unquoted Ferruzzi family holding, Ferruzzi Finanziaria.

The Milan market always seems to have its mysteries and the fact that Ferruzzi-Montedison quoted companies have shared in the recent recovery is one of them. Some analysts believe that demand has been stoked by short covering, others that the companies have been helped by news that the Ferruzzi family will take a leading financial role in the consortium guaranteeing the issue of Ferruzzi Finanziaria when it goes public in the summer.

The market has undoubtedly acquired some tone from the activities in Belgium of Mr Carlo De Benedetti and the recent announcement that Assicurazioni Generali has increased its holdings in Compagnie du Midi from 5 per cent to 9 per cent.

De Benedetti shares have sprung forward from over 17 per cent in the case of Cofide to more than 31 per cent for Buitoni. Rumours surrounding Buitoni include one that it will either be sold or will be acquiring new assets in the next few months.

However, there are more



fundamental reasons why the Italian market seems to be picking up. Mr Giovanni Palladino, a senior analyst with the IMI group, said the exchange was oversold, with no fewer than 65 stocks yielding 7 per cent or more, the largest number of stocks giving this yield in the exchange's history. Outside the insurance sector, which is much more heavily weighted than on other exchanges, the average yield is around 5 per cent and is competitive with bank deposits.

Mr Palladino is waiting for the mutual funds to find their courage again after a long period of shunning the market. But improved trading will first have to boost their receipts. In January these were only L367bn, 84 per cent lower than in the same month last year, while redemptions were L1,691bn. This was the sixth consecutive month of negative net receipts, cutting Italian equities' share of mutual fund portfolios from a peak of 28 per cent in September 1986 to 22.1 per cent in January.

Cheerful economic news over the last 10 days has provided encouragement. Inflation is steady at around 5 per cent, while industrial production, which rose by an average of 3.9 per cent last year, was strong in the final months of the year. Bank loan demand suggests it is still doing so.

January's balance of payments figures showed a healthy surplus of L1,369bn and gold and currency reserves were more than L2,600bn higher than in December.

This persuades Mr Palladino that the outlook may be bullish, particularly for industrial shares such as Fiat which is selling on an unusually low p/e of 9.2.

But the biggest cloud on the market's horizon is a political crisis in about a month which is expected to topple the government headed by Mr Giovanni Goria and may not be speedily resolved.

EUROPE

Frankfurt unruffled by falling dollar

THE WEAKER dollar and continued gains on Wall Street produced conflicting forces in European bourses yesterday, and profit-taking inevitably set in. Markets fell back from the day's highs but still closed stronger, with West Germany emerging unruffled by the falling dollar, *writes Our Markets Staff in London.*

FRANKFURT continued in relatively booyant mood as Wall Street's gains on Monday and a rally in the domestic bond market helped lift the FAZ index 4.76 higher to 449.83.

Investors shrugged off a lower fixing for the dollar at DM1.6920 and national turnover was a healthy DM2.9bn.

"The market in general is in a fairly bullish short-term phase and people are still buying on a short-term view," said one analyst.

Press comments by Daimler-Benz president Edzard Reuter saying that profits might be flat or slightly lower in 1988 failed to hit the car group's stock, which finished 50 pfg higher at DM673. The view was that difficult business conditions for the car industry had been largely discounted, at least by institutional investors.

Retailers, the worst performing sector in January, showed good gains from their heavily oversold position, while construction stock Hochtief, badly hit last year, climbed DM29, or 7 per cent, to DM441.

Heavy machinery maker KHD fell DM3.50 to DM88.50 as a large sell order continued to work its way through the market.

Bonds rose by about 30 basis points in line with a slight improvement in New York overnight and the dollar's easier tone. Yields of 10-year bonds are now around 6.25 per cent.

PARIS was kept in check by profit-taking after more than a week of strong gains, and ended the day only slightly higher in moderate trade.

The CAC index added 0.3 to 306.9, with Compagnie du Midi providing a strong influence in the market. Its shares were requoted after last Thursday's suspension, pending news of restructuring moves to help strengthen its defences against takeover. Midi lost FFr78 to FFr1,400.

Compagnie Générale D'Electricité, which has been a strong performer, lost FFr10 to FFr238 on profit-taking, in spite of news that it expected 1987 group net profits to be higher than forecast, and that it was increasing its dividend.

AMSTERDAM closed mixed in moderate trading as a weaker dollar continued to hold issues in a narrow range.

Interest focused on publisher VNU's bid for newspaper chain Andet. The offer closed yesterday afternoon and trading in Andet was suspended at Fl 295, against VNU's offer valuing the shares at about Fl 273.

Also in publishing, Elsevier lost 80 cents to Fl 47.80 and Wolters Kluwer rose 60 cents to Fl 121.50 after reaching agreement on a share swap, ending eight months of conflict between the two. The ANP-CBS index added 0.7 to 230.4.

MILAN rose across the board as confidence returned to the market, helped by the country's improved balance of payments and signs of buoyant company profits.

The MIB index added 23 to close at 1,001 in heavy trading, its 10th consecutive gain. The index has risen 14.6 per cent since the start of the latest run.

Buying centred on blue chips, with Fiat adding L220 to L8,675. State-owned cement producer Cementir was boosted by news of a bid from Italcementi, and rose L377 to L2,900. Italcementi put on L210 to L105,100.

BRUSSELS continued to rise in moderate volume on the back of further active trading in takeover target Société Générale de Belgique, which gained BFr250 to a record BFr5,350.

Petrofina added BFr326 to BFr10,825, Gevaert was unchanged at BFr7,000 and Tractebel, a sub-holding of La Générale, added BFr90 to BFr7,040. The stock index ended up 15.45 at 4,539.38.

MADRID rose to a high for the year on news that the Bank of Spain had cut its key money market rate, but fell back later with the general index closing up 0.77 at 261.33. It had reached 252.22 at midsession.

Banks, which have a heavy weighting in the market and have been rising recently on takeover rumours, were hit by profit-taking. Vizcaya lost 45 percentage points to 1,325 of nominal market value, Bilbao lost 46 to 1,350 of par and Banesto was unchanged at 1,190. Hispano Americano, still a takeover candidate, added 10 to 819.

ZURICH closed firmer but below the day's highs as profit-taking reduced gains. Earlier rises on Wall Street and Tokyo had spurred buying, although the lower dollar kept a rein on rises.

STOCKHOLM was quiet in the run-up to Sweden's winter holiday season, with the Affaersvaerlden index closing up 1.7 at 772.0.

London

EARLY GAINS were cut by an uncertain opening on Wall Street as vulnerability to the US market returned to London.

Turnover was up on early active buying by a leading securities house, but fell back in the afternoon.

Overseas interest in US-favoured stocks was strong, especially ICI, which today announces profits figures. The FT-SE 100 index added 10.7 to 1,757.9 on volume of 474.1m, the highest since January 28.

ASIA

Large-capitals lead continued rise

Tokyo

LARGE-CAPITAL stocks were the focus of attention yesterday as the Nikkei average climbed close to 25,000, spurred by a overnight, *writes Shigeo Nishiwaki of Jiji Press.*

The index added 102.74 to 24,949.45 for the ninth consecutive gain, after moving between 24,769.75 and 24,949.64. Volume rose to 938m shares from Monday's 861m and advances outnumbered declines by 458 to 451, with 154 issues unchanged.

The Nikkei average has gained about 1,280 since February 10, with buying interest spreading from stocks such as smaller-capital issues backed by technological development, to giant-capital steels and shipbuilders.

The 10 most actives list was dominated yesterday entirely by big-capitals, which accounted for 39.2 per cent of overall volume. That is double the 20 per cent of recent sessions.

Large-capitals were boosted by news that leading steelmakers are to report pre-tax profits across the board for the year to March 31, 1988, reversing the previous fiscal year's losses.

Nippon Steel was the most active, with 73.9m shares traded, and advanced Y13 to Y423. Kawasaki Steel, second busiest with 62.4m shares, added Y6 to Y366, while Sumitomo Metal Industries rose Y10 to Y299 and Nippon Kokan added Y17 toY324.

The upturn in chemical prices spurred interest in leading chemicals. Showa Denko gained Y27 to Y744, Mitsui Toatsu Chemicals Y26 to Y734 and Sumitomo Chemical Y21 to Y937.

Some high-technology stocks lost as the dollar fell against the yen. NEC shed Y20 to Y2,000 and Sony Y40 to Y4,850. But Fujitsu firmed Y20 to Y1,490 on reports that pre-tax profits would rise 45 per cent to Y80bn in the year to March 31, 1989.

Strong buying by business corporations boosted Nippon Telegraph and Telephone Y30,000 to Y2.4m.

Hong Kong

AFTERNOON selling pushed stocks down in light trading, with the Hang Seng index falling 17.82 to 2,329.36.

Share prices rose early in response to Wall Street's gains but fell later on heavy selling of Hongkong Bank, for which there was no apparent reason. The issue lost 20 cents to HK$6.85, amid rumours of the sale of a block of 800,000 shares shortly before the close.

Hutchison Whampoa gained 20 cents to HK$7.35 after news it would form part of a satellite television venture with Cable and Wireless of the UK and China's Citic.

Australia

INDUSTRIALS found strong buying support from foreign investors in moderate turnover on Wall Street's firm Monday performance and expectations of good corporate results.

The sector helped the All Ordinaries index rise 12.5 to 1,263.2 as golds shrugged off an overnight fall in the bullion price to show good gains.

News Corp shone in the media sector, climbing 40 cents to A$12.40 for a 70-cent gain so far this week. It later reported a 24.3 per cent rise in interim net profits to a record A$227.3m.

Resources leader BHP, which signed a 25-year oil production sharing contract with India's Oil and Natural Gas Commission, added 6 cents to A$6.80.

Food group Goodman Fielder Wattie, which reported a 68 per cent jump in equity-accounted earnings, was 2 cents higher at A$2.17.

Singapore

A SEVEN-DAY rally ran into profit-taking in Singapore after a firm start. The Straits Times industrial index shed 7.53 to 894.16 in trading volume of over 22m shares, similar to Monday's.

The downturn was reinforced by resurfacing worries about political tension in neighbouring Malaysia.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY FEBRUARY 23 1988					MONDAY FEBRUARY 22 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (91)	99.94	+1.1	83.88	92.36	4.61	98.90	83.07	91.46	180.81	85.36	108.44
Austria (16)	86.99	-0.2	73.01	76.40	2.74	87.17	73.22	76.66	102.87	84.35	95.13
Belgium (48)	122.15	+0.7	102.52	106.79	4.47	121.27	101.87	106.32	134.89	94.63	107.74
Canada (127)	114.76	+0.0	96.32	105.58	3.09	114.76	96.40	105.83	141.78	98.15	118.66
Denmark (38)	117.29	+0.8	98.44	103.21	2.89	116.34	97.72	102.53	124.83	98.18	113.24
Finland (23)	115.19	+0.3	96.67	98.89	1.89	114.86	96.48	99.31	–	–	–
France (122)	86.82	-1.1	72.87	77.97	3.84	87.80	73.75	78.98	121.82	72.77	109.22
West Germany (94)	76.45	+1.1	64.16	67.23	2.76	75.62	63.52	66.65	104.93	67.78	87.95
Hong Kong (46)	88.95	-0.8	74.65	89.02	4.75	89.65	75.31	89.69	158.68	73.92	111.41
Ireland (14)	113.43	+1.8	95.20	101.57	4.32	111.42	93.59	99.97	160.22	93.50	120.20
Italy (94)	72.88	+2.3	61.17	67.82	2.84	71.28	59.87	66.46	112.11	62.99	98.51
Japan (457)	158.24	+0.7	132.81	128.78	0.54	157.08	131.95	128.29	161.28	100.00	116.36
Malaysia (36)	114.05	-0.6	95.72	113.50	3.29	114.78	96.41	114.36	193.64	93.76	133.05
Mexico (14)	139.01	+0.2	116.67	348.82	1.02	138.75	116.54	348.15	422.59	90.07	130.30
Netherland (37)	102.46	+0.6	85.99	88.78	5.07	101.87	85.57	88.48	131.41	87.70	102.59
New Zealand (24)	65.83	-1.8	55.25	52.42	6.26	67.04	56.32	53.71	138.99	65.83	88.34
Norway (24)	111.66	+1.9	93.71	96.69	3.20	109.60	92.06	95.28	185.01	95.51	113.11
Singapore (26)	104.38	-0.6	87.60	96.80	2.47	104.98	88.18	97.28	174.28	81.21	117.22
South Africa (61)	127.79	-0.5	107.25	77.60	5.38	128.46	107.90	78.55	198.09	100.00	114.50
Spain (43)	136.52	+0.3	114.57	117.85	3.48	136.11	114.33	117.75	168.81	100.00	119.76
Sweden (32)	109.67	+0.6	92.04	97.65	2.76	109.00	91.56	97.34	136.64	88.50	102.42
Switzerland (53)	81.82	+0.9	68.67	70.51	2.39	81.07	68.10	69.86	111.11	73.65	93.55
United Kingdom (328)	128.67	+0.7	107.99	107.99	4.35	127.73	107.29	107.29	162.87	99.65	120.37
USA (586)	107.95	-0.2	90.60	107.95	3.49	108.13	90.83	108.13	137.42	91.21	116.86
Europe (966)	103.33	+0.7	86.73	89.34	3.83	102.62	86.20	88.85	130.02	92.25	106.97
Pacific Basin (680)	153.26	+0.7	128.63	125.83	0.73	152.18	127.83	125.36	158.77	100.00	115.75
Euro-Pacific (1646)	133.31	+0.7	111.88	111.30	1.70	132.37	111.19	110.82	143.65	100.00	112.26
North America (713)	108.31	-0.2	90.90	107.83	3.46	108.48	91.12	108.01	137.55	91.68	116.96
Europe Ex. UK (638)	87.58	+0.7	73.51	77.60	3.36	87.01	73.09	77.25	111.97	78.89	94.54
Pacific Ex. Japan (223)	93.26	+0.1	78.27	87.56	4.61	93.15	78.25	87.52	164.03	82.92	107.55
World Ex. US (1848)	132.62	+0.7	111.30	110.86	1.77	131.74	110.66	110.43	143.38	100.00	112.53
World Ex. UK (2106)	122.53	+0.4	102.83	110.01	2.14	122.09	102.56	109.84	138.82	100.00	113.64
World Ex. So. Af. (2373)	123.03	+0.4	103.25	110.05	2.33	122.54	102.93	109.81	139.47	100.00	114.23
World Ex. Japan (1977)	106.20	+0.1	89.13	100.20	3.65	106.05	89.08	100.13	134.22	92.98	113.22
The World Index (2434)	123.06	+0.4	103.28	109.81	2.35	122.58	102.97	109.59	139.73	100.00	114.23

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).